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Note by the Secretary-General

The Secretary-General has the honour to transmit to the members of the General Assembly the report of the Joint Inspection Unit entitled "Travel in the United Nations: Issues of efficiency and cost savings" (JIU/REP/95/10).

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ANNEX

TRAVEL IN THE UNITED NATIONS: ISSUES OF EFFICIENCY AND COST SAVINGS

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Contents

		Paragraph	Page
	Acronyms		v
	EXECUTIVE SUMMARY AND RECOMMENDATIONS		vi
	INTRODUCTION	1 - 7	1
I.	OVERVIEW OF THE PRESENT SITUATION OF TRAVEL IN THE UNITED NATIONS	8 - 35	3
	A. Survey of travel expenditures for the biennium 1992-1993, appropriations for 1994-1995 and estimates for 1996-1997	9 - 20	3
	B. Categories of travel paid by the United Nations	21 - 28	5
	C. Characteristics of United Nations travel and of travel markets	29 - 35	7
II.	MANAGEMENT OF TRAVEL - OPTIONS FOR CHANGE AND IMPROVEMENTS	36 - 111	10
	A. Travel policy - its establishment and execution	36 - 49	10
	B. Transparent, comprehensive and updated rules and procedures for travel	50 - 59	13
	C. Control of travel through programme-budgeting and oversight	60 - 73	14
	D. Cost-cutting of travel overheads through modified procedures and new technology	74 - 92	17
	1. Modification and innovations of travel documents and procedures	75 - 80	18
	2. Computer-assisted processing of travel documents	81 - 83	19
	3. Lump-sum practice	84 - 92	19
	E. Relationships with providers of travel services	93 - 106	21
	1. Contractual relationships with travel agencies	94 - 101	21
	2. Relationships with air-carriers	102 - 106	23
	F. Telecommunication and teleconferencing as alternatives to some travel	107 - 111	24

Contents

		Paragraph	Page
III.	OPTIONS FOR RATIONALIZING AND/OR IMPROVING VARIOUS COMPONENTS OF THE PRESENT SYSTEM OF TRAVEL	112 - 170	26
A.	Transportation	112 - 148	26
	1. Air fares	113 - 126	26
	2. Classes of air travel	127 - 135	29
	3. Procedure for granting exceptions to allow higher-class air transportation	136 - 139	31
	4. Stopovers	140 - 145	32
	5. Travel by other means of transportation	146 - 148	33
B.	Travel expenses other than those relating to transportation	149 - 170	34
	1. Should the current daily subsistence allowance (DSA) system be maintained?	149 - 152	34
	2. Additional allowance over and above DSA	153 - 155	35
	3. Hotel accommodation	156 - 159	35
	4. Terminal expenses	160	36
	5. Free services and benefits provided to travellers	161 - 170	37
	(a) Free services provided to travellers by receiving countries and organizations	161 - 163	37
	(b) Benefits of frequent-flyer programmes	164 - 170	37
IV.	UNITED NATIONS SYSTEM-WIDE COORDINATION IN THE AREA OF TRAVEL	171 -178	40
A.	Coordination at the national government level	171 - 176	40
B.	Coordination among travel services at the secretariat level	177 - 178	41

Annexes:

Annex I Analysis of United Nations regular budget travel expenditures for 1992-1993, appropriations for 1994-1995 and estimates for 1996-1997 biennia (tables 1-4)

Annex II Status of implementation of recommendations contained in last two JIU reports of 1982 and 1985 on travel in the United Nations

Acronyms

ACABQ	Advisory Committee on Administrative and Budgetary Questions
ACC	Administrative Committee on Coordination
APEX	Advance Purchase Excursion Fare
ATM	Automated Teller Machine
CPC	Committee for Programme and Coordination
CCAQ/FB	Consultative Committee on Administrative Questions/Financial and Budgetary
DAM	Department of Administration and Management
DSA	Daily Subsistence Allowance
ECOSOC	Economic and Social Council
FAO	Food and Agriculture Organization
GA	General Assembly
IATA	International Air Transport Association
IBM	International Business Machines
ICAO	International Civil Aviation Organization
ICSC	International Civil Service Commission
ILO	International Labour Organisation
IMIS	Integrated Management Information System
JIU	Joint Inspection Unit
LDC	Least Developed Country
OIOS	Office of Internal Oversight Services
SGB	Secretary-General's Bulletin
ST/IC	Secretariat/Information Circular
UNESCO	United Nations Educational, Scientific and Cultural Organization
WHO	World Health Organization

EXECUTIVE SUMMARY AND RECOMMENDATIONS

By reviewing and evaluating key issues of the present system of travel in the United Nations, the Inspectors would like to assist the General Assembly in carrying out an intended review/evaluation of this system. In preparing this report they would also like to respond to a number of General Assembly resolutions, which have in particular called on the Joint Inspection Unit to put more emphasis on inspection and evaluation work to ensure optimum use of funds and to enhance the efficiency of the administrative and financial functioning of the United Nations.

To sharpen the practical and operational focus of this report, the Inspectors have analysed those issues of management of travel by the United Nations Secretariat and those components of the arrangements for travel where improvements and/or rationalization measures can be formulated. The aim of this report was to come up with specific, practical action-oriented recommendations, addressed either to the General Assembly or to the Secretariat of the United Nations. These are indicated below.

MANAGEMENT OF TRAVEL - OPTIONS FOR CHANGE AND IMPROVEMENTS

RECOMMENDATION 1: Travel policy - its establishment and execution [paras. 36-49]

That the Secretary-General:

(1) Determine clearly functions, powers and responsibilities of relevant offices of the United Nations Secretariat dealing with travel, including a lead office with primary responsibilities (preferably Office of Conference and Common Services), which would also ensure Secretariat-wide coordination of all travel activities.

(2) Review, at Headquarters and all major duty stations levels, functions of travel units aimed at their reorientation from current implementation of travel rules and regulations towards market-oriented functions of monitoring and analysing the travel market and taking advantage of emerging opportunities.

(3) Reconsider the present arrangement of mandatory pre-auditing by the travel units of all travel authorizations. The search for least costly fares applicable should become a shared responsibility of travel agencies and programme managers, subject to verification and random checks by travel units.

(4) Establish at Headquarters and at major duty stations, an Advisory Committee on Travel, with the participation of all offices directly concerned, to deal with the implementation of United Nations travel policy and to advise and support the travel units.

RECOMMENDATION 2: Transparent, comprehensive and updated set of rules and procedures for travel [paras. 50-59]

That the United Nations Secretariat develop a travel manual and issue it in loose-leaf form, to allow easy updating, reflecting current travel arrangements, and sufficiently detailed to regulate practical questions relating to travel entitlements.

RECOMMENDATION 3: Control of travel through programme-budgeting and oversight (paras. 60 - 73)

That the Secretary-General, with the approval of the General Assembly, if and when necessary:

(1) Make programme managers directly responsible and accountable for the observance of rules and regulations on travel, in particular, for the formal and substantive control of travel. This arrangement should be without prejudice to the powers of supervision and control of central administration (Department of Administration and Management, Office of Internal Oversight Services) to check how these rules are implemented.

(2) Establish the fungibility of travel and related expenditures (temporary assistance, consultants/experts, communication) of the regular budget, on an experimental basis and subject to thorough scrutiny, allowing programme managers flexible utilization and transfer of resources within these objects of expenditure.

(3) Introduce and test incentives and motivation of programme managers and their staff to be more decisively driven by efficiency and cost-consciousness in the area of travel, including retention of certain percentage of economized resources, treatment of records and initiatives in efficiency and savings of staff members as an important element of performance appraisal, even allowing accelerated promotion as appropriate.

RECOMMENDATION 4: Cost-cutting of travel overheads through modified procedures and new technology

(1) Modification and innovations of travel documents and procedures [paras. 75-80]

That the Secretariat of the United Nations undertake a feasibility study on the use of credit cards for the purpose of travel of its staff, pending

clearance of unresolved legal questions, followed by resumed negotiations with credit-card issuer that is most suitable for the United Nations.

(2) Computer-assisted processing of travel documents [paras. 81-83]

That the Secretariat of the United Nations introduce computer-assisted processing of travel documents (travel authorizations and travel claims), first at Headquarters and then expanded to other duty stations. This would be one of the practical applications of the Integrated Management Information System (IMIS), whose release II will be operational by the end of 1995.

(3) Lump-sum practice [paras. 84 - 92]

(a) That the Secretary-General continues at all duty stations the application of the lump-sum option for the home leave, education and family-visit travel.

(b) That the General Assembly request the International Civil Service Commission to analyse and report on the level of cash incentive provided to the staff under a lump-sum option, including a range of different percentage schemes in different duty stations, with a view to creating a rational and coherent system.

RECOMMENDATION 5: Relationships with providers of travel services

(1) Contractual relationships with travel agencies [paras. 94 - 101]

That the Secretariat of the United Nations:

(a) Prepare a standard contract with a travel agency for use at all duty stations, listing basic requirements and benefits to the Organization, which could be later developed to reflect particular conditions and needs of various duty stations.

(b) Undertake a comparative review of all existing contracts with travel agencies aimed at standardization and determining how well the interests of the Organization are protected.

(2) Relationships with air-carriers [paras. 102 - 106]

That the Secretariat of the United Nations:

(a) Review the concept and lists of so-called preferred air-carriers at various duty stations, aimed at establishing their continued relevance and benefit for the Organization.

(b) Consider the possibility of undertaking negotiations with selected major air-carriers on most-travelled routes, aimed at obtaining special and additional discounts and/or upgrading in exchange for increased market share.

RECOMMENDATION 6: Telecommunication and teleconferencing as alternatives to some travel [paras. 107 - 111]

That the Secretary-General of the United Nations:

(1) Gradually acquire teleconferencing capacity, beginning with the Office of the Secretary-General and the Security Council.

(2) Provide Member States with information on present and prospective needs and feasibility of teleconferencing for the United Nations, with corresponding financial implications.

OPTIONS FOR RATIONALIZING AND/OR IMPROVING VARIOUS COMPONENTS OF THE PRESENT SYSTEM OF TRAVEL

RECOMMENDATION 7: Transportation

(1) Air fares [paras. 113 - 126]

(a) That the General Assembly review the formula for determining applicable air-fares, in particular the requirement of the most direct and shortest route, in order to ascertain, in the light of current developments and pricing policies of airlines, its continued relevance and impact on cost-effectiveness of air travel.

(b) That, further to an earlier recommendation, the Secretariat of the United Nations encourage the involvement of all substantive and servicing departments in the most economical and efficient use oftravel funds, inter alia through providing them with access to on-line airline schedules and information.

(2) Classes of air travel [paras. 127 - 135]

(a) That the General Assembly review, in the light of the actual situation, the rationale of maintaining as a criterion of business-class accommodation by air, the nine-hour flight duration and address the possibility of raising it to 10 hours.

(b) That the Secretary-General , when exercising his discretionary powers of granting business-class accommodation by air, give more consideration to cases where, on account of age and health, comfort of travel and ability to work at destination of some travellers might be adversely affected by the impact of changes contemplated in this report.

(3) Procedure for granting exceptions to allow higher class air transportation [paras. 136 - 139]

That the General Assembly, when reviewing the reporting on granting exceptions to allow first and business-class air transportation, consider preparation of these reports on a biennial basis and of one full version only.

(4) Stopovers [paras. 140 - 145]

That the General Assembly abolish or considerably modify the present entitlement to official stopovers en route and instead entitle travellers to more rest-time at destination.

(5) Travel by other means of transportation [paras. 146 - 148]

That the Secretariat of the United Nations:

(a) Advise and encourage travellers to use means of transportation other than air such as railways, whenever it is cost-effective and otherwise beneficial.

(b) Ensure that travel agencies working for the Organization do not levy service charges on arranging transportation by means other than air on United Nations travellers.

RECOMMENDATION 8: Travel expenses other than those relating to transportation

(1) Should the current daily subsistence allowance (DSA) system be maintained? [paras. 149 - 152]

The present system of the daily subsistence allowance should be maintained until such time as the operation of the expenses-based system proves to be cost-effective. The General Assembly might request information on the financial and administrative implications of the introduction of an expenses-based system.

(2) Additional allowance over and above DSA [paras. 153 - 155]

Payment of additional allowance over and above DSA should not be "automatic", but on request of travellers.

(3) Hotel accommodation [paras. 156 - 159]

That the Secretariat of the United Nations:

(a) Compile local directories of hotels, indicating applicable United Nations rates, and make them available to all interested travellers.

(b) Take action aimed at obtaining the exemption of United Nations travellers from hotel taxes.

(4) Terminal expenses [para. 160]

Payment of actual terminal expenses should be made on request from travellers and claimed up to the existing limit.

(5) Free services and benefits provided to travellers

(a) Free services provided to travellers by receiving countries or organizations [paras. 161 - 163]

That the SECRETARIAT OF THE United Nations:

(i) Enforce the existing rules with regard to deductions in the case of free services provided to travellers;

(ii) Revise the travel authorization form and travel claim form to reflect the existing rules on free-services deductions.

(b) Benefits of frequent-flyer programmes [paras. 164 - 170]

That the Secretariat of the United Nations:

(i) Remind United Nations travellers that benefits accruing out of travel paid by the Organization belong to it;

(ii) Advise and encourage all United Nations travellers, in particular staff members to apply and collect benefits of frequent-flyer programmes for organizational use;

(iii) Re-establish, facilitate and encourage the practice, on a voluntary basis, of financing some air transportation through the use of accumulated miles of frequent-flyer programmes for organizational use;

(iv) Provide the General Assembly with relevant information and assessment of cost-benefits of collecting from travellers and centrally administering mileage banks of frequent-flyer programmes.

UNITED NATIONS SYSTEM-WIDE COORDINATION IN THE AREA OF TRAVEL

RECOMMENDATION 9:

(1) Coordination at the national government level [paras. 171 - 176]

That the General Assembly call upon Member States which are also members of the Organizations in the United Nations system to undertake a review of travel standards and practices existing in these organizations, which, in particular, would evaluate them with the aim of achieving uniformity and consistency of such practices system-wide.

(2) Coordination among travel services at the secretariat level [paras. 177 - 178]

That the Secretariat of the United Nations encourage and facilitate working relations and exchange of information among travel managers of the organizations in the United Nations system, aimed at cost-savings and gains in efficiency of travel.

INTRODUCTION

1. The objective of this report is to evaluate a number of key issues of the present system of travel in the United Nations from the point of view of the most efficient and economic use of human and financial resources, as well as modern and effective management practices. Such a review and evaluation should enable us to offer some conclusions and specific, action-oriented and practical recommendations.

2. By preparing this report the Inspectors would like to contribute, in the form of assistance and advice, to the intention of the General Assembly of the United Nations, expressed in its decision 46/450 of 20 December 1991 and resolution 48/228 of 23 December 1993, to undertake a review/evaluation of the current system of travel provisions and related arrangements for travel services and allowances. The Inspectors were guided by the goals stated in the General Assembly decision and resolution to formulate specific proposals, with a view to making more effective use of resources. In writing this report we would also like to respond to another General Assembly resolution (48/221, para. 4, of 23 December 1993), which inter-alia invited the Unit to put more emphasis on inspection and evaluation work, to ensure optimum use of funds in order to enhance the efficiency of the administrative and financial functioning of the United Nations system.

3. By its very nature there is a vast array of issues and aspects of travel, too many to be addressed meaningfully and professionally in one report. To avoid generalizations in approach and to be able to formulate concrete and detailed recommendations, the Inspectors had to be selective in the issues to be tackled in this report. This is why a number of problems which certainly are within the scope of travel paid by the United Nations were not dealt in this report. However, if such a wish is expressed by the General Assembly, the Inspectors stand ready to address other aspects of United Nations travel in another JIU report.

4. In particular, due to its specific nature, travel for peace-keeping operations, e.g. travel of military contingents and transportation of equipment, raises separate problems and is consequently outside the framework of the present report. By the same token, the Inspectors felt that they could not address profoundly enough in this report the issues of entitlements for travel of members of various organs and subsidiary organs of the United Nations, identified and extensively covered in a thorough report of the Secretary-General which is before the Fifth Committee[1]. They were also aware of the fact - recalled in the report of the Secretary-General -that "inconsistencies existing in travel entitlements of members of organs and subsidiary organs represent carefully balanced compromises designed to resolve many considerations often conflicting with one another"[2]. Recognizing their often political character, the Secretary-General leaves them to the discretion of the General Assembly and even suggests that it "may therefore decide, in some cases, not to eliminate an anomaly noted in the current provisions"[3].

5. The focus of the present report is on questions of management of travel resources by the United Nations Secretariat and on issues relating to establishment and execution of the travel policy of the Organization. To sharpen the practical and operational focus of this report -as often requested from the JIU by the General

Assembly (see paragraph 1(e) of resolution 45/237 of 21 December 1990), its authors analyse those particular components of the arrangements for travel where improvement and/or rationalizing measures can be recommended.

6. To achieve this end, the Inspectors used as vast as possible range of sources, looking for comparisons, inspirations, and proven managerial and organizational patterns and solutions. In the course of their review and evaluation, the Inspectors conducted interviews with well over 100 individuals. These included: officials concerned with all aspects of United Nations travel; a number of travel managers and officials of the specialized agencies of the United Nations system; representatives of Member States known for their interest in and concern with issues of travel; chairmen and members of the subsidiary bodies of the General Assembly dealing with policy and management of travel; officials of the International Air Transport Association (IATA); managers of major travel agencies serving the Organization; other individuals knowledgable in the area of the travel and airline industries. Responding to often heard complaints that United Nations practices and procedures do not follow those of the "real world", in particular of the corporate world known for their efficiency and best management practices, the Inspectors met with travel managers of International Business Machines (IBM), Philip Morris, Phizer International and Nestlé, who gladly shared their experience with them. The Inspectors wish to express appreciation to all those officials who contributed their ideas and expertise.

7. This report is the eighth in the series of reports on travel in the United Nations and in the organizations of the United Nations system prepared by JIU since its inception. In 1972, the Unit issued a report on The use of travel funds in the United Nations (JIU/REP/72/4 and A/8900 of 24 November 1972); in 1974 it issued a Report on the use of travel funds in the World Health Organization (JIU/REP/74/3 and EB 55 46 Add.1); in 1975 Report on on the use of travel funds in the Food and Agriculture Organization (JIU/REP/75/1 and CL.66/15 of 9-20 June 1975); and in 1976 Report on the use of travel funds in UNESCO (JIU/REP/76/2 and 100 EX/7 of 20 August 1976); in 1977 it issued the Report on first-class travel in the United Nations organizations (JIU/REP/77/3 and A/32/272). In 1982 JIU prepared a report on Organization and methods for official travel (JIU/REP/82/7 and A/37/357 of 30 July 1982), which examined the policies, procedures and management of travel financed by the United Nations. In 1985 the Unit completed the series with the Follow-up report on organization and methods for official travel (JIU/REP/85/13 and A/41/121 of 6 October 1986). Annex 2 to the current report recapitulates the status of implementation of recommendations contained in the last two JIU reports on travel in the United Nations.

I. OVERVIEW OF THE PRESENT SITUATION OF TRAVEL IN THE UNITED NATIONS

8. Despite a number of documents on travel which are before the General Assembly, it is not easy for busy delegates to get an overview and key information on the rather complicated situation with regard to travel in the Organization. This is why the Inspectors thought that, before proceeding with the review of standards and management of United Nations travel, it would be useful to recapitulate briefly some of the most relevant information, which is scattered over many different sources.

A. Survey of travel expenditures for the biennium 1992-1993, appropriations for 1994-1995 and estimates for 1996-1997

9. The basic question which might be asked is: "how much is the United Nations spending on travel?" Strangely enough, it is not easy to get a precise answer to this question. It is due partly to the complicated and diverse funding of United Nations travel, but not to that alone. It immediately reveals a shortcoming in that the United Nations does not have reliable and comprehensive Organization-wide information and statistics. Despite a mountain of figures, documentation and records, there is no easy access to overall information covering Headquarters and all duty stations, which is a sine qua non for modern and efficient management.

10. Issued in 1982, the JIU report on Organization and methods of official travel already pressed an alarm button with respect to the shortcomings on data availability, stating that the United Nations and some other organizations "were unable to provide detailed data on their travel expenditures. The Inspector has to make his own estimates and extrapolations."[4] The partial consolation is that now the Department of Administration and Management is taking determined action - within its restructuring and management reform of the Secretariat - to create a modern information system (Integrated Management Information System, IMIS), which within two years may finally bring the United Nations up to the recognized standards for access to information.

11. Annex I to this report contains an analysis of available data on travel resources, contained both in the regular budget and in extra-budgetary funds over three biennia-past (1992-1993), present (1994-1995) and future (1996-1997).

12. With regard to the travel resources in the current 1994-1995 biennium, they amount to $54.9 million, which constitute 2,1 per cent of overall budgetary appropriations. Despite the efforts of the Secretary-General and his personal involvement in curbing travel, the 1994-1995 level of regular budget resources for travel is higher than that of the past biennium of 1992-1993. ACABQ, in its first report on the proposed programme budget for the biennium 1994-1995, drew attention to the large increase in estimates for travel (net increase of over $5.6 million).[5] According to the ACABQ calculation, amounts for travel under extra-budgetary resources were $14.4 million for 1992; on this basis the biennial (1992-1993) total would be more than $28 million. When recommending a general reduction of $3 million for 1994-1995 under travel, the Advisory Committee recalled that it has consistently called for strict controls on travel and believed that "further economies may be possible".[6]

13. The Controller has informed the Inspectors that central management of the Secretariat treated the call for further economies in travel with all due seriousness and targeted curbing travel in the implementation of the current 1994-1995 programme-budget. Accordingly, the budgetary allotments for travel of all substantive and servicing departments of the Secretariat were reduced by 10 per cent of the level approved by the General Assembly.

14. The Secretariat should be commended as the proposed programme-budget estimates for 1996-1997 take the issue of economies in travel even further. In relation to the appropriations for current biennium, a cut of 12 per cent (after recosting) has been applied to travel expenditure, bringing its estimated level to $48.4 million. Before recosting, it represents an even higher reduction of 17.5 per cent of the current level of expenditures. Reduction in travel is among the highest reductions in the proposed programme-budget for the next biennium, alongside cuts in purchases of equipment (21.1 per cent) and improvement of premises (21 per cent).[7] From all the above it can be concluded that the much tighter United Nations travel budget for the forthcoming biennium makes the issue of improving and rationalizing the travel system of the Organization even more relevant and timely.

15. Considerable expenditures for travel - all categories of so called travel under Staff Rules (see para 22) - are part of common staff costs. They constitute a percentage of net salaries of staff and in the current biennium 1994-1995 common staff costs amount to $60 million per annum.

16. Travel expenses are also included in the appropriations for experts and consultants, which in the current 1994-1995 regular budget reached a total of $16.2 million. Unfortunately, it was not possible to determine what percentage of this figure is being spent on travel.

17. As indicated in annex I, appropriations for travel under all extra-budgetary resources available to the United Nations in the current biennium amount to $76.4 million or 1.69 per cent of the $4.5 billion total.

18. Overall, it can be established that - without travel included in the peace-keeping budgets, of which travel by civilian personnel per year was of the order of 5 million, and travel under common staff costs and expenditures for consultants - total United Nations travel expenditures in 1995 are of the following order:

Regular budget	$27.5 million
Extra-budgetary resources	$38.2 million
Total	$65.7 million

19. During the preparation of this report the Inspectors reflected on the issue whether it was worthwhile devoting attention to travel arrangements and management since, at first glance, this represents a relatively small percentage of overall regular budget expenditures. They were encouraged by the repeated statements and actions of the Secretary-General[8], who takes a lot of personal interest in reducing and improving the situation with regard to travel. The Inspectors were also motivated by the clear wishes of Member States expressed in a number of resolutions and

decisions of the General Assembly, and by the concern expressed from time to time by such external oversight bodies as ACABQ, the Board of Auditors and the Panel of External Auditors.

20. The issues of management and economies in travel are high on the agenda of large international corporations consulted by the Inspectors. Although their travel budgets are substantially higher in dollar figures than those of the United Nations, they represent a similar percentage of overall expenditures. For example, at the beginning of 1995 IBM introduced tough economy measures in travel policy and drastic changes and improvements of travel management through automation and simplified procedures. Representatives of all the large corporations that we interviewed made it clear that travel is a matter of constant interest and concern to their top management, due to its visibility and potential for improvement and savings, and because it constitutes a third major item of expenditure, after salaries and operation of facilities. In terms of the United Nations regular budget, travel seems to be the fourth largest object of expenditure, after salaries and other staff costs; general operating expenses, and contractual services.

B. Categories of travel paid by the United Nations

21. In the United Nations there are three groups of individuals whose travel expenses are paid by the Organization: (1) staff members; (2) members of organs and subsidiary organs; (3) consultants engaged by the Organization to provide specified services. The first group, staff travel, constitutes the bulk of United Nations travel. This is why in this report, the attention of the inspectors will be focused on this group of United Nations travellers.

22. According to the Staff Rules (rule 107.1), there are seven categories of staff travel paid for by the Organization, all of them being called official travel. They can be broken down into essentially two categories: travel on official business, which embraces all kinds of missions related to substantive work; and remaining categories of travel of staff and their dependants. These comprise travel on: initial appointment; change of official duty station; home leave; family visit; separation from service; and travel for medical or security reasons. These six categories are commonly referred to as "travel under Staff Rules", since these Rules regulate the specifics of such entitlements.

23. The regular budgets data (but not under extra-budgetary resources) provide a further breakdown of travel of staff by distinguishing travel of staff to service meetings and conferences from all other travel of staff (see annex I). The Staff Rules also contain a brief reference to travel of conference-servicing staff (rule 107.16), for which the Secretary-General may establish a special rate of subsistence allowance. Under travel of conference-servicing staff there has been a continuous downward trend between the past (1993-1994) and the present (1994-1995) biennia. It reflects the efforts of the Office of Conference and Support Services to achieve savings through better preparation and planning of missions of conference-servicing staff. For the next biennium (1996-1997) the dollar figure for travel of conference-servicing staff is virtually the same as for the current biennium, which represents a decrease in the level of resources in real terms.

24. With regard to the remaining resources for staff travel, an even more substantial cut is proposed by the Secretariat's budgetary submission for 1996-1997 (see annex I). As indicated earlier, there has been a substantial increase (especially after subtracting the travel of conference-servicing staff) in official staff travel from $19.7 million in the previous biennium to $31.3 million in the current biennium. Estimates for the biennium 1996-1997 are set at $23.3 million, representing a sharp decrease (27 per cent) in nominal terms, which is even higher in real terms.

25. The second group of individuals whose travel expenses are paid by the United Nations (transportation only, or transportation and subsistence expenses) are a limited number of representatives of Member States and members of organs and subsidiary organs. Rules with regard to these entitlements are contained in the Secretary-General's Bulletin of 1991[9]. Information, and also a review of these entitlements, including identification of inconsistencies in current provisions, are before the General Assembly in two comprehensive reports of the Secretary-General.[10] The main travel entitlements of members of organs and subsidiary organs are as follows.

26. Travel expenses, but not subsistence, are paid to:

(a) Representatives of least developed countries (LDCs)[11] to attend sessions of the General Assembly (up to five representatives in the case of the regular sessions and one representative in the case of special and special emergency sessions). First-class accommodation by air or its equivalent is paid to one representative and economy or business-class accommodation (for journeys of over nine hours duration) is paid to four representatives.

(b) One representative of a Member State participating in a functional commission, sub-commission or sub-committee of ECOSOC (current number of these organs is 10).[12] Representatives are entitled to economy-class accommodation by air or its equivalent and business-class for journeys over nine hours. However, there is a proviso to the effect that if the member of this organ is also an accredited Permanent Representative, accommodation will be in business-class irrespective of the duration of the journey.

27. Both travel expenses and subsistence expenses are paid to:

(a) Members of organs and subsidiary organs who serve in their personal capacity; 22 such organs are currently listed[13]. Members of these organs are entitled to business-class accommodation by air, or its equivalent, irrespective of the length of journey. However, there are two exceptions with regard to the members of the Committee for Programme and Coordination (CPC)[14] and members of JIU[15], whose entitlement is economy-class accommodation for journeys below nine hours and business accommodation for journeys longer than nine hours. To make this entitlement even more complicated there is a further exception with regard to those members of CPC who are also accredited Permanent Representatives, in which case they are allowed business-class accommodation irrespective of the duration of the journey.

(b) Persons appointed by organs and subsidiary organs to undertake, in their personal capacity, special studies or other ad hoc tasks (for example, special rapporteur of the Commission on Human Rights); chairman or rapporteur of a subsidiary organ to present a report to a parent body; one member of an organ serving as its designated representative; one representative of a subsidiary organ designated by the General Assembly or Security Council to perform a special task away from its assigned headquarters. These persons are entitled to business-class accommodation by air, or its equivalent, irrespective of the length of journey.

28. A third group of individuals whose travel expenses (transportation and subsistence expenses) are paid comprises consultants and experts engaged by the United Nations to perform tasks specified in contracts concluded by the two parties. With regard to the class of accommodation by air, or its equivalent, it is either economy for trips of less than nine hours duration or business-class for trips of over nine hours; they have been equated with United Nations staff up to the D-2 level. The travel entitlement of consultants and experts is determined individually (it must constitute a necessary ingredient of the consultant's task) and is indicated in the contracts. [16]

C. Characteristics of United Nations travel and of travel markets

29. During the last 15 years or so, the travel and airline industries have undergone huge changes. These changes, which started first in the United States, are still under way and are now spreading to other markets and continents, including Europe. The deregulation of the United States airline industry in the early 1980s brought about an unheard of variety of air fares and related conditions (length of stay, advance purchase, days of the week as departure date, etc). The many reduced air-fare structures were designed to attract passengers, to commit them as early as possible to certain flights, to make them pay for transportation in advance (APEX fares), and to fill planes on certain days of the week which were less travelled (mid-week fares). A new class, between economy and first, called either business or executive, was introduced by airlines. To lure passengers and attach them to particular airlines, a frequent-flyer programme was introduced first by American Airlines and was quickly copied by all major carriers.

30. These developments in air-fare structures were related almost exclusively to economy class. They created a situation where economy-class seats on planes were further sub-divided into very many categories, with their own internal quotas and restrictions. They also produced a situation where on many flights only a small percentage of passengers travel on full economy fares; the bulk of them enjoy various reduced fares.[17]

31. All these developments in air-fare structures were a manifestation of increased and tough competition among carriers to attract passengers. At the beginning of the 1990s the airlines were adversely affected by the industry's overcapacity, coupled with a shrinking number of passengers. During the economic boom in the major industrialized countries and increased air traffic in the 1980s, a number of major airlines placed large orders for new aircraft. The delivery of those aircraft came at the

time of economic slowdown in the major Western countries, with consequential diminished demand for air travel. The overcapacity of many carriers in the early 1990s hit the industry hard and put some airlines out of business; many were operating at a financial loss. This situation forced the airlines to undertake tough restructuring and efficiency measures and pushed them into fierce competition for the shrinking number of passengers[18]. According to information provided by IATA, the airline industry started a recovery only in 1994 and made a profit of $1.3 billion after a few years of bad financial results.

32. The above trends within airlines and opportunities due to increased competition have continued to the present day. They have found their expression inter alia in the conclusion of new partnership agreements and pooling of resources by many airlines (for example, KLM - Northwestern; Swissair - Austrian Airlines -Delta) to compete more efficiently in the air travel business. In June 1995 the Governments of the United States and a number of European countries (Austria, Denmark, Finland, Iceland, Luxembourg, Norway, Sweden, Switzerland) finally signed the so-called open-skies agreements aimed at creating a free market for aviation services.[19] Each of these agreements gives the airlines of both countries the right to operate air services from any point in one country to any point in the other, as well as to and from third countries. The agreements give airline management full flexibility to respond to market demand for air services by allowing, among other things, pricing freedom, unlimited airline capacity and a variety of different services tailored to the needs of a consumer. These agreements represent a large new measure in furthering the process of deregulation of airline services and are progressively leading to the globalization of air services.

33. The above developments have created a totally new situation in the area of travel by air. Air travel has become a real market, with its multitudes of different prices, available options, complicated rules, but also with unprecedented opportunities for savings and cost-cutting. The price of air tickets ceased to be fixed on the basis of miles flown only; it depends more and more on such factors as competition for a market share on a given route and on the marketing policy of airlines. The travel business, like all other commercial activities, entails a certain amount of sensitive information; this is why a lot of information is kept confidential and there is a reluctance to share it with others.

34. All these developments are of tremendous importance for the United Nations, in which air travel constitutes 95 per cent of all its travel. On the one hand, these developments have influenced and considerably complicated the work of travel units of the Organization, but on the other hand, they have provided great new opportunities for reducing costs. Full access to all available air travel options became extremely important, as well as passing on relevant information to all prospective United Nations travellers and making them aware that advanced planning and travel arrangements are key ingredients in keeping travel costs down.

35. The United Nations is and will continue to be an important and sizeable consumer of air travel. Travel is a constant and permanent factor of the activities of the United Nations. As Inspector Vukovic, author of 1982 JIU report on "Organization and methods for official travel", remarked, "the United Nations organizations with worldwide membership, offices and programmes have an obvious need for travel".[20] Travel in the Organization is also a rather stable object of expenditure, which has grown in the past few years. This phenomenon is due to the expansion of various sectors of United Nations activity, despite the already mentioned efforts to curb travel.

II. MANAGEMENT OF TRAVEL - OPTIONS FOR CHANGE AND IMPROVEMENTS

A. Travel policy - its establishment and execution

36. As indicated already in the preceding chapter, travel has become a market with its multitude of options, prices and constant changes. The travel market brings new challenges and opportunities, as well as risks. In order to take advantage of the existing opportunities, the United Nations must adopt a pro-market attitude. The Inspectors believe that the Organization - in a number of aspects and at different levels - is not properly equipped or ready to face these challenges or to profit from the opportunities of the travel market.

37. The General Assembly and its Fifth Committee establish travel policy. From time to time they review and decide on entitlement to travel of various categories of persons, set rules, standards and procedures of travel accommodation, including exceptions to those standards. Equally important are policy execution and operational practices, which rest with the United Nations Secretariat and whose importance has been growing in the past couple of years.

38. There is a historically inherited weakness in the Secretariat in dealing with travel. The current travel units were established and their functions set when travel did not resemble a market. The major function of travel units was to ensure that regulations on travel, particularly on fares, were applied and there was not much need for innovations and initiatives on their part. Their functions were of a more routine, repetitious character, even when dealing with particular and complicated cases of some United Nations travel. Now the situation is totally different. A pro-market and pro-active approach requires that travel units be allowed to devote most of their time and energy to monitoring and taking advantage of emerging travel market opportunities. This is an established pattern within the corporate world, which was described and confirmed to the Inspectors by a number of the large multinational corporations they approached.

39. Since travel is also part and parcel of the overall issues of accountability and responsibilities, it should be included in the process of ongoing reform and restructuring of the Secretariat. Within the framework of changing the management culture in the Organization should be included a need to create a culture of efficiency (doing more for less) and a market approach to travel. This is both an ongoing and long-term objective.

40. The responsibilities for travel in the United Nations are shared by three offices of the Department of Administration and Management: the Office of Conference and Common Services, the Office of Human Resources Management and the Office of Programme Planning, Budget and Accounts - but without clearly delineated functions and powers. The key administrative instruction of 1989 dealing with staff travel placed the responsibility for implementing that act with the then Assistant Secretary-General for General Services.[21]

41. Accordingly, it is recommended that the Secretary-General, acting within General Assembly approved goals of accountability and responsibilities[22], determine clearly functions powers and responsibilities of the three offices with regard to all travel activities of the United Nations, including how to ensure effective internal coordination among them. There is a need to determine a lead office with primary responsibility for travel; based on current and established practice, it should be the Office of Conference and Common Services headed by the Assistant Secretary-General. This Office should also have coordinating functions within all travel issues Organization-wide. Such an arrangement should be within parameters contained in the Secretary-General's report on restructuring of the United Nations Secretariat, in particular taking into account the fact that the Under-Secretary-General for Administration and Management is responsible for policy oversight, and for the effective delivery of services to Members States and the Secretariat[23].

42. The Secretary-General should also review - both at Headquarters and at all major duty stations - the functions of the travel units aimed at empowering them to monitor and analyse the travel market with a view to responding and taking advantage, for the benefit of the Organization, of new and emerging opportunities in the travel and airline industries.[24] There should be Organization-wide stress on, and re-orientation of, travel unit functions from current supervision of the implementation of rules and regulations on travel towards becoming market-oriented managers. The responsibility for implementing the Organization's rules and regulations should become, much more than at present, the first line of responsibility of programme managers supported by administrative assistants of the substantive departments. Such a re-orientation of functions and stress on direct responsibilities of programme managers for implementing the United Nations rules and regulations on travel should help the overall efforts to create a new management culture of accountability and responsibility for efficient and economical use of programme-budget resources. Travel units should retain the functions of verification of the observance of rules, including auditing, and advice on particular cases where doubts arise. This would allow travel units more time to focus on the development and implementation of the United Nations travel policy vis-a-vis travel providers, i.e. travel agencies and airlines. Such a concept and approach to travel management are predominant in the corporate world.

43. According to current arrangements practised throughout the Organization, travel units do so-called pre-auditing of all travel authorizations (PT8 form) before they are acted upon by the travel agencies. Pre-auditing means establishing an estimated cost for a given journey, but first of all searching for the least costly air fare structure regularly available via the most direct route. The same obligation, i.e. the search for the least costly air fare, is also a legal obligation of travel agencies, contained in the contracts they have concluded with the United Nations.

44. Apparently, there is a two-track function or - to a certain extent - even a duplication of functions being performed both by the travel units and then again by the travel agencies. The Inspectors, based on their own rather long experience with official United Nations travel and after verifying certain specific cases, do not believe that the present procedure is efficient and correct. It does not guarantee a proper search or access to least costly air fares by those directly affected and motivated, i.e.

travellers and programme managers. By splitting responsibilities, the current arrangement somehow absolves travel agencies from their legal responsibilities. There is no practical and workable procedure to identify and reimburse the Organization for eventual losses out of charging higher than the available least costly fares. Over and above all these, the pre-auditing procedure constitutes a heavy and constant burden on travel unit operations.

45. The Inspectors believe that primary responsibility for searching for the least costly air fares should be switched to where the real motivation and concern exist to get the most out of an already tight travel budget, i.e. to programme managers, supported by their administrative assistants.

46. There is a need to establish a mechanism to deal with implementation and review of travel policy aimed at taking advantage of offers by the travel market. It is not good management practice to leave it to the travel units alone to take decisions on how to use market opportunities, with all the risks involved. Travel units need support and confidence from the senior management of the United Nations. They should also have the benefits of the support and best advice of all directly concerned with travel in the Organization with regard to travel initiatives, both of an internal character and related to travel-providers, which often require a commitment on behalf of the United Nations. The management of large amounts of travel resources cannot be left exclusively to the travel units or to travel agents with which the Organization has entered into a contractual relationship. A mechanism should be established at Headquarters and in other duty stations, since the travel market has its distinctive local characteristics and opportunities.

47. One option - which the Inspectors believe is most suitable for the United Nations Secretariat and has precedence in other areas involving substantial expenditures - is the creation of an Advisory Committee on Travel. This idea is not totally new since in early 1980s there was in existence the Ad-hoc Joint Travel Advisory Committee. It met from time to time, when the need arose to discuss specific travel issues. The advantage of this mechanism was that it contributed to the improvement of communication, both horizontal and vertical, between all sectors of the United Nations Secretariat dealing with travel activities.

48. The functions of the Advisory Committee on Travel should include: review of the application of United Nations policy on travel; evaluation and monitoring of the relationship with airlines and contracts with travel agencies; taking a stand on new initiatives and negotiation of arrangements with travel providers; evaluation of travel market opportunities, trends and developments; considering possible changes in the rules and regulations; review of the operation of a particular travel arrangement, such as the lump-sum practice.

49. The Advisory Committee on Travel might be composed of: Assistant Secretary-General for Conference and Support Services as Chairman, Director of Support Services, Chief of Travel Unit as Secretary, and representatives of the Office of Human Resources Management, Office of Programme Planning, Budget and Accounts, Office of the Legal Counsel, Office of Internal Oversight Services and Staff Union. The Committee might also invite, if the need arises, representatives of substantive departments.

B. Transparent, comprehensive and updated rules and procedures for travel

50. The existence of ground rules which are transparent, comprehensive, detailed and easy to use are an important management tool for travel units, programme managers, and United Nations travellers generally. A good set of rules helps to enforce their observance, since it makes clear what is permissible and what is not. It also deters fraud and the misuse of travel funds. The United Nations, which operates in all continents, manages large amounts of travel resources and finances various categories of travel and of groups or individuals, should have a transparent, comprehensive and updated set of rules and procedures for travel.

51. The bulk of information on travel rules and procedures in the United Nations is currently contained in three separate sources. First of all, the Staff Rules deal with official travel of staff on appointment and home leave, and for purposes of the education grant, family visits, transfers, separation and official business (see also para. 22)[25].

52. The provisions in the Staff Rules relating to travel were drafted very carefully to avoid frequent changes and amendments. Despite this, the Staff Rules contain a number of regulations which are already obsolete and, what is more important, they are not specific and detailed enough to answer important practical questions which arise daily. An asset of the Staff Rules is that they also contain important statements of policy on United Nations travel, which should provide useful guidance in case of doubt. For example, rule 107.7 (b) stipulates that "Staff members shall exercise the same care in incurring expenses that a prudent person would exercise if travelling on personal business."[26]

53. In 1989, the Under-Secretary-General for Administration and Management issued an Administrative Instruction[27] containing a consolidated text of rules applicable to the travel of staff which reflected the amendments approved by the General Assembly in its resolution 41/214 of 21 December 1987. In 1991 the Secretary-General's Bulletin[28] was issued containing rules governing payment of travel expenses and subsistence allowance to members of organs and subsidiary organs of the United Nations.[29]

54. Those three legal instruments were established at different periods; a comparative analysis shows, inter alia, that on a number of issues, such as travel accommodation, they contain similar but not identical stipulations, which might create room for misunderstanding or unwelcome different interpretations. The instruments also failed to consolidate in their texts all previously issued regulations on travel. In fact, in the United Nations a curious situation exists whereby a number of detailed travel regulations issued years ago, such as the Administrative Instruction of 1975 on reduction of the daily subsistence allowance on account of free accommodation[30], although formally in force, are almost inaccessible and thus unknown to the majority of United Nations travellers.

55. The existing and published set of United Nations rules on travel do not fulfil the requirements of transparency and comprehensiveness; neither do they properly reflect the current developments in the travel industry. They are also not handy to use. Although, besides the Staff Rules, two consolidated texts of travel regulations have

been issued, information on travel is still fragmented and does not answer a number of legitimate questions a United Nations traveller might have.

56. The Inspectors came across the situation that even persons dealing with travel in the United Nations might interpret differently the same issues or do not know specific details of travel regulations and entitlements. Such a situation creates confusion and lack of coherence, thus allowing different interpretations concerning what the United Nations traveller can do and what acts are illegal. The Inspectors have also found that some organizations in the United Nations system maintain sets of travel rules which are well developed and published in a form which is easy to use.

57. It is therefore recommended that the United Nations Secretariat should develop a travel manual and publish it in loose-leaf form, to be periodically reviewed and up-dated as the need arises. The travel manual should be issued under the authority of the Under-Secretary-General for Administration and Management and be available for reference in travel units and in all substantive and servicing departments at all duty stations of the Organization. The manual should also be made available on line to all computer users.

58. The presentation, content and structure of the travel manual should be aimed at achieving the objectives of transparency, comprehensiveness and reflecting the current situation, and should be detailed enough to regulate practical questions of travel entitlements. The issuance of such a manual, which should cover, in a single publication, the travel entitlements of staff and members of organs and subsidiary organs, would eliminate, or at least limit, the need to issue updated versions of Secretary-General's bulletins or Under-Secretary-General's administrative instructions dealing with travel issues which are distributed to all United Nations staff members. In the past, such new issuances sometimes occurred too often, even every year.

59. In various parts of this report there are a number of suggested changes and revisions to the present travel arrangements. If accepted by the General Assembly, they could be consequently incorporated in the proposed travel manual.

C. Control of travel through programme-budgeting and oversight

60. The objective of this section is to discuss various forms and levels of internal control of travel in the Secretariat of the United Nations and to ascertain whether current control instruments are sufficient or whether some modifications might be suggested.

61. Programme-budgeting, monitoring of implementation of the budget, and oversight are institutionalized key processes of control which also apply to travel activities. One can distinguish also formal and substantive control (evaluation whether travel has brought the results sought). Another issue is to ensure sufficient control Organization-wide, at Headquarters and at other duty stations. Formal control of

travel, especially ex post control, in particular in such forms as travel reports, would seem to be not very useful or effective. For travel reports to be a meaningful tool of control for central administration, proper staff resources must analyse and compare them, over a long period of time, to be able to draw meaningful conclusions.

62. The Inspectors believe that both substantive and formal control of travel of staff members should be the responsibility of programme managers. They should be also accountable for the observance of rules and regulations related to travel. This would be a change from the current practice, whereby observance of the United Nations rules and regulations in general, and rules governing travel in particular, is the responsibility of respective units of the Department of Administration and Management and local administrative units at various duties stations. Under the arrangement proposed by the Inspectors, the central administration would still have powers of verification how rules are being implemented and do random checks of their observance, but the first line of direct responsibility should rest with programme managers. Such a change should bring programme managers closer to the whole process of programme-budgeting.

63. The critical point of formal and substantive control of travel should lie with programme managers; this would constitute a practical step of creating a new management culture. An issue of paramount importance is to increase the motivation of programme managers to be driven by efficiency and maximum output and not by budget considerations, which is mostly the case at present. Such an approach is commonly followed in the business world, in particular by large corporations known for their optimum management practices.

64. The increased responsibilities and accountability of programme managers for substantive and formal control of travel and observance of relevant rules must be matched and properly balanced by increased authority and powers. These requirements, which were already dealt in a previous JIU report[31], have been recognized as indispensable by the Secretariat and the General Assembly.[32] Now the question is how to move on to the practical application of these approved principles -which have raised high expectations - and overcome a certain hesitation and indecision and take unavoidable risks which the changes might bring. These practical steps mean that first the necessary powers and responsibilities for travel must be clarified and delegated to programme managers, which would make them accountable for their actions.

65. Due to the long process of programme-budget preparation, programme managers are requested to plan in sufficient detail, at the programme element level and up to three years in advance, specific travel requirements and their estimates for the whole biennium. These estimates constitute best guesses at the time of making budget proposals. During the budget execution period - due to an often rapidly changing situation and new and unforeseeable circumstances, those specific travel requests, although officially approved by the General Assembly, might not be viewed any longer by programme managers as the most efficient means to achieve planned outputs. He or she might come to the conclusion that it would be more efficient to spend the available budgetary resources differently - less or more on travel or on objects of expenditure of similar character instead of travel. Theoretically, such a transfer of resources is possible under the current system of programme-budgeting,

but the procedure is cumbersome and not flexible enough. A margin of flexibility should be built into the system of programme-budgeting, leaving to the best judgement of programme-managers - throughout the implementation phase of the programme budget - how to disburse the scarce resources most economically.

66. Specifically, the Inspectors would like to recommend fungibility of certain objects of expenditure within the United Nations regular budget which have common or similar features, but which, by virtue of their nature, were budgeted with a lesser degree of precision. Resources budgeted for travel, temporary assistance, consultants and experts, communications (see annex I, table 3), which together represent 5-7 per cent of the budget, should be treated as a group of interrelated expenditures, within which programme managers should have a reasonable margin of flexibility to use them most efficiently during the implementation phase of the programme budget.

67. The authors of this report propose that the fungibility of travel and related objects of expenditure be introduced on an experimental basis and subject to a thorough review at the end of programme - budgeting period by appropriate Secretariat units, including the Office of Internal Oversight Services. The flexibility margin of programme managers with regard to travel and related expenditure must be linked with their clear and full accountability, with regard to adherence to rules and regulations, and their substantive merits and justifications for the use of resources.

68. Certainly, a number of safeguards and oversight measures must be in place to make sure that the fungibility of travel and related expenditure will be executed and used properly and that it does not weaken the programming and budgeting processes. Proposed fungibility per se does not contradict the objectives of maximum stability and precision of programme budgets. On the contrary, if properly executed, it would help to achieve these goals and facilitate financial and budgetary control during implementation of programme budgets.

69. It is a known fact that current programme-budgeting processes do not encourage enough programme managers to be efficiency-driven (do more for less) and cut costs. There are no appreciable incentives or rewards for making savings when implementing programmed activities. Consequently, more often than not, and quite naturally, programme managers are budget-driven. This means that their natural desire to make their programmes grow, expand and increase in importance and visibility pushes them to use to the full whatever resources are available within the budgetary period. Underspending and savings would result almost certainly in decreased resources in the next budget. The currently prevailing approach should be changed within the overall effort to create a new management culture based on accountability, responsibility, efficiency and economy.

70. There are no ready-made solutions, but some practical measures, even of an experimental character, might be suggested. Beyond the already discussed fungibility of travel and related expenditure, creating incentives and motivating programme managers to be driven by efficiency and cutting costs in the area of travel might be achieved by the retention of a certain percentage (for example 10 - 20 per cent) of economized resources for use by their units, while the remaining amount would go back into the central budget as savings. Awards, honours, treatment of records of savings and initiatives in efficiency of a given staff member as an important element

of performance appraisal, even allowing accelerated promotion as appropriate, are other possible incentives for programme managers and staff at large.

71. At this juncture the Inspectors would like to stress that measures of increased authority and budgetary flexibility of programme managers in the area of travel should be combined with increased and sufficient oversight to deter attempts to misuse them. Oversight of all travel at Headquarters and in other duty stations of the Organization should be part of the regular activities of the Office of Internal Oversight Services, through its Audit and Management Consulting Division, the Central Evaluation Unit, the Central Monitoring and Inspection Unit, and the Investigation Unit. Random checks of the implementation and observance of rules and regulations by particular units of the Secretariat would reveal cases of infringement of those rules and enable them to be addressed. Building a self-monitoring capacity of various programmes and Secretariat units - in which OIOS is currently involved - is also a welcome development. Here the authors of this report wish to emphasize again (see paras 57-58) the need for a clear, precise and comprehensive set of rules and procedures covering United Nations policy on travel.

72. Monitoring and control of travel resources by the Controller and his Office of Programme Planning, Budget and Accounts should in no way be weakened by the introduction of the proposed changes. On the contrary, those changes should allow more visible and systematic financial control throughout the budgetary cycle. With the introduction of the Integrated Management Information System (IMIS), the Controller's Office will be in a position to alert the top management of substantive departments to cases of overspending and substantial underspending in implementing programmed travel activities. Smooth and systematic implementation of these activities and travel plans (prepared on a quarterly basis) should continue to be the concern not only of substantive departments, but of financial and budgetary services as well. The objective of the proposed changes is to make programming and budgetary processes more meaningful and better adapted to the current requirements of efficient management and assuring adequate control, and thus to strengthen and not weaken these processes.

73. Overall, the Inspectors would like to emphasize that the processes of preparation, approval and implementation of the programme budgets of the United Nations, if used to the full extent, provide a sufficient level of control for the central administration Organization-wide. The suggestions and proposals made in the preceding paragraphs - if the General Assembly finds them acceptable - should be reflected in the Financial Regulations and Rules of the United Nations (which are currently being revised)[33] and in the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation.[34]

D. COST-CUTTING OF TRAVEL OVERHEADS THROUGH MODIFIED PROCEDURES AND NEW TECHNOLOGY

74. In the organizations the Inspectors have approached, both within and outside the United Nations system, in Member States, in the business world and in the travel industry, there is a constant search for more efficient management of travel, cutting its costs through automation and simplified new procedures. Although the United

Nations is not likely to be in the forefront of these efforts, it should monitor them closely, learn from the experience of others, and adopt useful and tested solutions vigorously. This is why the Inspectors are inter alia stressing the need to modify functions of the travel units in the Secretariat of the United Nations in order to give them more time and responsibility to focus on the possible application of cost-effective innovations.

1. Modification and innovations of travel documents and procedures

75. The common practice in the Administrations of a number of Member States, and in particular in the corporate world, is the use of credit cards to pay for all major travel expenditure: transportation, hotels, meals, incidentals. In some large corporations interviewed by the Inspectors, a traveller does not get any advance at all; all expenses are charged to personal or corporate credit cards and later claimed and reimbursed. .

76. This procedure is not yet applied in the United Nations Secretariat. However, the Organization was for some years actively considering the introduction of such a practice. It started negotiations on the use of credit cards by United Nations travellers with the American Express, but these negotiations were not conclusive. On the Organization's side, a number of legal issues were raised relating to non-liability of the United Nations and these have still to be resolved.

77. There are considerable advantages in introducing credit cards for the use of travel by United Nations staff. It would allow most of the traveller's expenditure to be charged to credit cards, and there would be benefit from discounts (usually around 1 per cent) for services and goods purchased through cards. The so-called grace period and billing and payment cycles for this type of transaction would permit the retention of funds by the United Nations for 60 days or more (even up to 90 days) from the date of actual purchase. This factor is of considerable importance for the United Nations, which has notorious and constant cash-flow difficulties.

78. The United Nations traveller could receive advances not only in the manner used at present (no-commission traveller's cheques), but through cash as needed using Automated Teller Machines (ATMs) at various travel destinations. The Master Card/Cirrus ATM network is an electronic banking system that links over 125,000 automated teller machines located in over 10,000 cities in all continents. ATMs are located in almost all places where most United Nations travellers go. They are located in airports, host cites of international organizations, business districts, hotels, shopping malls and educational institutions, and most of them are open 24 hours a day.[35] The ATM directory - updated every six months and now available free in banks located on United Nations premises in New York - should be made widely available to all interested travellers.

79. The use of credit cards and ATMs would also provide the administration of the United Nations with systematic and detailed data on all travel expenses charged to the Organization and would certainly be a means of increased control and monitoring of disbursement of travel funds and of fighting cases of fraud and poor management of resources.

80. There would be also a need to modify the currently used forms for travel authorization and travel claims in order to include the proposed changes - if approved by the General Assembly - with regard to reimbursement of certain travel expenses other than transportation, such as terminal expenses, and free services offered and accepted by travellers.

2. Computer-assisted processing of travel documents

81. A commonly accepted view is that well managed and cost-effective travel must be based on a reliable and comprehensive information. As has been indicated earlier, despite some improvement over the past few years, the United Nations is still awaiting good and consistent information, as well as Organization-wide statistics, to monitor and control travel and to make travel procedures more efficient. There are high expectations for improvement of the present situation with the introduction of the Integrated Management Information System (IMIS), whose release II will be operational from January 1996 and will cover all personnel transactions, travel included, at Headquarters.[36]

82. There would be appreciable cost-cutting, simplification and much faster processing of travel authorizations and travel claims if this was done through computers. At present, travel authorizations are filled in by hand by travellers and administrative assistants; then they go to programme managers for approval; then to financial services for further approval; then to travel units for pre-auditing; and finally they are delivered to the travel agent for issuance of the ticket and advance for subsistence. All these operations are time-consuming. The situation with regard to the processing of travel claims is pretty bad. The back-log in some duty stations in settling travel claims is as much as six months. IMIS should now allow the introduction of computer-assisted processing of travel documents at Headquarters. Expansion of IMIS to other duty stations, which is foreseen in 1997, would consequently allow application of this procedure to all United Nations offices.

83. The computer-assisted processing of travel documents is being actively pursued in other organizations in the United Nations system. In some of them it is already at various stages of implementation. A number of practical questions have to be solved when introducing this innovation. One of them is what type of records on paper must be kept and stored.

3. Lump-sum practice

84. Over the past few years, a lot of controversy has developed concerning the so-called lump-sum practice. On 19 March 1990, the United Nations introduced, on an experimental, time-limited basis, an option for travel by air of staff members when exercising their entitlements to home leave travel, education-grant travel and family-visit travel.[37] It was first introduced at Headquarters and in July 1992 it was extended to other duty stations.[38]

85. The rationale behind the introduction of this new practice was as follows: regular home-leave and related travel entitlements for staff members and their dependants require considerable administrative work and are quite costly. The least costly air fare to the place of home leave and shipment of 50 kg. of unaccompanied

luggage have to be arranged, terminal expenses paid, as well as allowed rest stopovers for air travel exceeding 10 hours' duration, and visas have to be obtained for the itinerary of travelling staff members and their dependants.

86. The introduction of the lump-sum practice was effected only after broad consultations and positive comments, inter alia from an inter-departmental working group and the Internal Audit Division. The lump-sum approach to travel on home leave and related travel has also found support among members of CCAQ.[39] Most of the organizations in the United Nations system now have lump-sum schemes in place for these types of travel.

87. The Inspectors examined the current practice with regard to payment of a lump-sum for home leave and related travel; they discussed it with the Board of Auditors and also with concerned officials in a number of organizations in the United Nations system. Administrative savings (although often difficult to quantify) were clearly identified with that option in most United Nations duty stations; cash savings to the Organization were calculated at a minimum of US$ 5.6 million from its inception in 1990 to November 1994.[40]

88. The Inspectors believe that the issue with the lump-sum option for home leave and related travel is not whether it is beneficial to the Organization. Data collected Organization-wide over a long enough period quite convincingly prove that the procedure is beneficial to the United Nations in terms of savings in administrative work and costs. Thus the lump-sum practice should be continued. What is not yet properly resolved is the rationale and methodology for establishing a proper level of cash incentive for the staff. Since the inception of this practice, the lump-sum paid to the staff member was set Organization-wide at 75 per cent of the full unrestricted economy-class ticket.

89. The argument was that the 75 per cent scheme would, on the one hand, still create significant savings for the Organization (as a result of the elimination of payment of DSA, terminal expenses, shipment of unaccompanied luggage) and, on the other, allow the staff member to buy his or her own air ticket at a lower price. The 75 per cent figure was across the board, somewhat arbitrary and without much in the way of specific supportive calculations. What was an acceptable arrangement at the experimental stage of lump-sum practice is no longer convincing as part of a procedure which might become standard and permanent in the whole of the United Nations. The setting of the incentive level is still a weak point of current lump-sum procedure.

90. Otherwise comprehensive, report of the Review Panel does not satisfactorily solve the problem. The General Assembly, in its resolution 49/216, paragraph 9, of 23 December 1994 requested the Secretary-General "to monitor closely ... including an analysis of the level of cash incentive provided to staff by the current 75 per cent procedure, and to make any necessary adjustments to ensure that the arrangements do not offer scope for abuse". Over and above this, the Inspectors would like to suggest that the International Civil Service Commission - within the powers of its statute - might be charged with the function of establishing a workable percentage of cash incentive applied to different duty stations.

91. The Inspectors have also examined the objections raised and concluded that the principal reservations about the lump-sum practice are often of a conceptual character - whether it is proper for the United Nations staff member to make and retain legally savings on exercising his or her entitlement to travel under the Staff Rules. Looking at the lump-sum practice from that conceptual viewpoint, one can point to its positive side since it promotes a general and welcome tendency to economize (by doing the same thing for less). If the funds earmarked for home leave and related travel had been disbursed anyway and gone to commercial companies external to the United Nations, one can argue that it is still better that our own staff (which, in the words of current and previous Secretary-Generals, are the most valuable assets of the Organization) should profit from these funds. It should also be pointed out that the lump-sum practice is not totally new in the travel system of the United Nations, since DSA and terminal expenses are in fact lump-sums paid to cover certain travel expenditure. If the lump-sum practice were to continue, perhaps it would be advisable to amend the relevant provisions of the Staff Rules (rule 107.9) and paragraph 5 of Administrative Instruction of 1989 on travel of staff, namely that the United Nations shall pay only the travel costs actually incurred.

92. A question can be asked: "Does the lump-sum practice have a broader applicability for the United Nations?" Our answer is cautiously positive; we do see advantages, as well as limitations, in lump-summing. The lump-summing approach (benefit in costs savings and administrative work to the Organization, and financial incentives for the staff members) could be reasonably pursued. Possible applications - worth exploring - would be lump-sums to pay for consultants' services and removal of personal belongings on appointment and separation. Such a possibility is already contained in the Staff Rules 300 series (governing appointments for service of limited duration).[41] Rule 307.3(c) says that the Secretary-General may establish a lump-sum arrangement for travel on appointment and separation. We would like to encourage the Secretariat to explore these ideas and inform Member States accordingly.

E. Relationships with providers of travel services

93. Relationships with travel agencies and airlines are of paramount importance to efficient and cost-effective travel services. Providers of travel services to the United Nations are professionals operating on a highly competitive market. This is why United Nations travel managers and the administration generally should be willing and able to devote enough attention to monitoring these relations closely.

1. Contractual relationships with travel agencies

94. There are two basic types of contracts with travel agencies in the United Nations system: "in plant" and "full services". Putting aside details, the in-plant type contract consists of an arrangement under which the travel agent provides its licence, and the Organization supplies personnel. The travel agent opens its branch office on the Organization's premises and reimburses the Organization for the costs of personnel working on travel; these personnel continue to be staff members of the Organization. A full-services contract provides that the travel agent delivers the services stipulated in the contract and retains all the commissions collected from direct providers of services, i.e. airlines, hotels, car rental companies. In the past there has been a lot of discussion about the type of relationship with the travel agency

which is most suitable for the United Nations. In two of its previous reports on travel in the United Nations, issued in 1982 and 1985, JIU recommended either the in-plant arrangement or a United Nations-owned travel agency.[42] Neither concept, in the opinion of the Secretariat, was best suited for the Organization, which consistently opted for a full services type of contract with travel agencies.[43]

95. It is established practice at Headquarters and in other duty stations that contracts for travel services are awarded on the basis of competitive bidding. At Headquarters (including the United Nations Development Programme, the United Nations Children's Fund and the United Nations Population Fund), since 1982 competitive bidding has been organized on three occasions. In February 1993, the Organization hired a reputed travel consultant to prepare a draft of "Confidential request for proposals for travel management services and/or a commercial travel payment system for the United Nations". "The request for proposals", inter alia, required prospective bidders to indicate performance standards, and to disclose a budget of the travel agency and other data which would permit evaluation of the travel agency's operation and financial situation. As a result of the latest competitive bidding, the contract for full travel agency services in New York was awarded to the American Express Travel-Related Services Company, Inc., effective as of 1 September 1993 for three years. The United Nations retained an option to extend the contract for additional period of two years following expiration. The Secretariat of the United Nations has also negotiated, to the Organization's advantage, reimbursement arrangements for office space used by American Express. The travel agent also compensates the United Nations for services provided to it (e.g. electricity, heating, air-conditioning, office cleaning).

96. The International Civil Aviation Organization (ICAO) opted in a contract with a travel agent for an in-plant arrangement and revenue-sharing. On 21 December 1990, ICAO signed a contract with Marlin Travel, a subsidiary of the Thomas Cook Group, Limited, which provided for a revenue share for the Organization of 7 per cent of all reservations made directly with Thomas Cook branches in Canada. After American Express, Canada, Inc. acquired the business travel of the Thomas Cook Group, Limited, this contract is now in force between ICAO and American Express.

97. Besides the contract with American Express at Headquarters, almost all United Nations duty stations have concluded similar contracts with travel agencies. As of 1 January 1995 after American Express purchased Thomas Cook, Switzerland, Inc., that agent now has a contractual commitment to provide travel services to the United Nations Office at Geneva. Quite recently, in 1995, a contract with a travel agent was concluded by the Economic Commission for Africa in Addis Ababa.

98. The practice of awarding contracts to particular travel agencies for a determined period, after competitive bidding and after negotiating the details of such contracts, seems to be best suited to protection of the interests of the Organization. Although the authors of the report have been assured that consultations between local duty stations and Headquarters exist on the content of contracts for travel services and thorough reviews by respective Committees on Contracts always take place, the Inspectors believe that further improvements can be suggested. The central administration and travel services at Headquarters, which have the most experience with different travel organizations, might prepare a standard contract with a travel

agency. Such a standard contract would list all basic obligations required from the travel agency and the benefits the Organization should obtain. Such a contract could serve various duty stations as a basis for negotiations with local travel agencies, during which it could be amended and tailored to reflect particular conditions and local needs.

99. It would be also advisable to undertake a comparative review and evaluation of all existing contracts concluded between various duty stations of the United Nations and travel agencies, aimed at establishing whether the Organization is getting all the benefits locally available and/or permitted by law. Such an analysis should establish whether there are large discrepancies in the contracts; if so, the analysis should identify reasons and suggest possible remedial action.

100. Under the contract between the United Nations and American Express, the latter is legally bound to arrange all travel services at the lowest cost compatible with the standards, routing and itinerary requested. In the event that the travel agent has not offered the lowest fare for the authorized itinerary, it is required to refund the difference between the price paid by the United Nations and the price of the least costly fare which was available. This stipulation is particularly relevant in connection with the pre-auditing and search for least costly fares available, which are at present done by the travel units and constitute a duplication of effort.

101. One of the key function of travel units is to monitor and verify the implementation of the services contracted out and their quality. A regular procedure has to be worked out at Headquarters and at other duty stations for measuring travellers' satisfaction with the performance of the travel agent working for the United Nations; preferably that procedure should be conceived and executed by the travel units themselves.

2. Relationships with air-carriers

102. Establishing contractual relationships with travel agencies should not prohibit the United Nations from entertaining direct relations with travel providers, in particular with air-carriers. The 1993 contract between United Nations Headquarters and American Express states that the Organization shall have the right, at any time, to enter into any additional or separate agreements with other travel agencies, airlines or suppliers of services for any or all of the services covered by the contract. The United Nations has also reserved its right to negotiate non-commissionable fares and rates for group movements and meetings.

103. A number of General Assembly resolutions have called on the Secretariat to undertake negotiations with airlines aimed at acquiring more favourable treatment for its travellers.[44] In response to these requests, the United Nations Secretariat has successfully negotiated volume cash-rebate arrangements with approximately 23 air-carriers with which the Organization has a high volume of travel. In addition, negotiations have also been concluded with air-carriers for group travel to missions and conferences.

104. The Inspectors believe that direct contacts and negotiations with air-carriers are ongoing, continuous and very important tasks of the travel units of the United Nations. In particular, they would like to encourage a new initiative vis-à-vis major air-carriers (especially those of host countries of United Nations duty stations) aimed at acquiring from them more favourable treatment for United Nations travellers, comparable to that of government officials and other groups of preferred travellers like clergy and seamen. During those negotiations the United Nations should try to secure an assurance from the airlines that its travellers who are flying economy-class, should have first claim to be upgraded to vacant seats in business-class. The increased possibility of upgrading to business-class has become a very important element of United Nations travel arrangements due to the fact that over the last few years there has been a continuous deterioration in quality of service and conditions in economy class. ACABQ drew attention to this fact four years ago already.[45]

105. In this connection, the Inspectors suggest that thought be given to the idea that the airlines recognize and treat the United Nations as a collective member of frequent-flyer programmes. Another point of negotiation is to obtain a waiver of penalties on restricted tickets. Excess luggage charges might also be a subject of negotiations between the United Nations and the airlines.[46] The aim is to obtain discounts from published fares, on the same grounds as air fares for passengers, i.e. high volume of travel and share of the market on particular routes.

106. Some years ago there were great expectations of savings in travel connected with the so-called preferred-carrier status of some airlines, which obtained such status after negotiations with the United Nations and their agreement to give the United Nations discounts (usually 10 per cent) on the price of tickets purchased. Over time the lists of preferred airlines became very long (at Headquarters 26 airlines; in Geneva 38 airlines) and gradually the concept lost its commercial attractiveness to both partners. The Inspectors believe that the concept of preferred carriers should be reviewed in the light of current conditions and the pricing policy of the airline industry.

F. Telecommunication and teleconferencing as alternatives to some travel

107. In the business world, in particular in worldwide corporations and banks, teleconferencing has a lot of practical applications which have resulted in curbing substantially the need to travel. For the United Nations the question arises whether at this stage it can regard modern means of telecommunication and teleconferencing as alternatives to some types of travel. Certainly, access to tie lines between certain duty stations and Headquarters has considerably facilitated communication and this should be regarded as a reasonable argument for trimming travel expenditure.

108. The Inspectors have ascertained that the idea of teleconferencing is under active consideration in the United Nations and in various organizations in the United Nations system, but due mainly to financial constraints, its application is of an experimental character or at the preparatory stage.

109. In the United Nations itself large-scale experiments with teleconferencing took place as the 1980s when the United Nations conference in Buenos Aires was serviced (simultaneous interpretation) from New York. In 1995 the Ninth Crime and Crime

Prevention Conference in Cairo was serviced substantially (translation of documents) from Vienna. Quite recently, in April 1995 the Under-Secretary-General for Administration and Management participated from New York via teleconferencing in a meeting of the Geneva Group countries.

110. Investment in teleconferencing equipment seems to be very competitive; for example, a movable unit costs around US$ 50.000. The authors of this report believe that a number of practical steps not requiring substantive expenditure might be taken now. Any future United Nations construction or major repair project should include the installation of wiring necessary for future teleconferencing equipment.

111. To give teleconferencing a needed fillip and to show its potential and advantages over traditional travel, it is proposed that the United Nations Secretariat examine the possibility of organizing sessions of the Administrative Committee on Coordination via this means of communication. If this is technically possible, tele-sessions of busy executive heads of the United Nations specialized agencies would enable them to meet more frequently. Another legitimate and important user of teleconferencing capacity would be the Security Council, which could hold direct consultations with officials and force commanders of peace-keeping operations concerning those operations. The United Nations Secretariat should address this issue and include relevant information on the subject of teleconferencing in its future report on the review of the efficiency of the administrative and financial functioning of the United Nations.

III. OPTIONS FOR RATIONALIZING AND/OR IMPROVING VARIOUS COMPONENTS OF THE PRESENT SYSTEM OF TRAVEL

A. Transportation

112. Rule 107.9 of the Staff Rules stipulates that the normal mode of transportation for all official travel shall be by air; however, an alternative mode of transportation may be approved when, in the opinion of the Secretary-General, its use is in the best interests of the United Nations. Reality confirms that stipulation of the Staff Rules, since 95 per cent of all official travel is by air. This is why the Inspectors' attention will be focused on air transportation, and more specifically on air fares and classes of travel. Attention will be devoted to other means of transportation as necessary.

1. Air fares

113. With regard to air fares, the Inspectors would like to recall rule 107.9 of the Staff Rules:

(a) "The normal route for all official travel of staff shall be the most direct and economical route", with the flexibility clause allowing approval of an alternative route if it is in the best interest of the United Nations.

(b) "The United Nations shall pay only for the mode of transportation actually used" (this applies to cases when a traveller uses a more economical mode of transportation than the approved one; any eventual difference in prices belongs to the Organization and, consequently, should be returned to it).

114. Let us reflect on the determination of "the most direct and economical route". The General Assembly resolutions and the relevant Administrative Instruction and Secretary-General's Bulletin use slightly different terminology (least costly air fare structure regularly available via most direct route), but the intention and meaning of those two formulations seem to be the same. Reference to "the most direct route" was established many years ago, in the 1970s. At that time, the most direct route was equated with the cheapest fare, since it was calculated, on principle, on the basis of miles flown. It also reflected a concern that the United Nations should not pay for detours in the routing of travellers to suit their personal interests and preferences. In the Staff Rules and in other sources of United Nations regulations on travel, the meaning of the notion "the most direct route" with regard to air travel, and surface travel, has never been defined. In terms of air travel, does it mean simply a non-stop flight via the shortest route? Or is a journey with one stop also considered as the most direct route? There is no unanimous understanding of this term at various duty stations. According to the practical interpretation by the United Nations travel units, it usually means a non-stop flight or flight with technical stops for refuelling only. Accordingly, a stop en route to pick up passengers or change planes is not regarded as the most direct route if a non-stop flight exists.

115. Over the years the notion of the most direct and economical route has changed its original meaning. This was due to developments in the aviation industry during the past 15 years. Many large airlines, in particular in the United States, but also in Europe and Asia, both on domestic and international routes, operate on the

basis of "hubs", where, as a rule, aircraft land for technical reasons (refuelling, change of crews and planes), but also to change passengers. As a result, the most direct route is no longer synonymous with the most economical one. What should be done where conflict arises between a lowest fare and a direct route in the strict sense of the term?

116. In the present conditions in the airline industry (effects of deregulation, still existing overcapacity of air transportation, faster new planes, tough competition to fill planes with passengers, ticket "price wars"), the notions of least costly airfare structure and most direct route does not go together and often tend to be separated by a larger and larger gap. The most direct route do not take account of the least costly fares. On the contrary, it precludes taking advantage of fare breaks which airlines, competing for a larger market share on particular routes, are offering.

117. Based on the Inspectors' own assessment and the practices of the organizations within and outside the United Nations system, as well as practices of national Administrations and the business world, the present formula for establishing air-fare entitlement should drop the reference to "the most direct route" as obsolete and invalid in the interests of economy of air travel.

118. The concept of the most direct route also seems to be redundant because of the existence of a ceiling on flight duration (currently set at nine hours), which protects the comfort of the passenger by allowing him or her business-class accommodation. This is particularly relevant on the route New York - Geneva and routes to other European duty stations which are heavily used by United Nations travellers. In practical terms, entitlements on such routes, which on the average are of seven to eight and a half hours' duration, are now based on a non-stop flight, since one stop will usually result in exceeding the nine hour duration (counting the time of transfer from one plane to another) and consequently creates entitlement to business-class accommodation. On those particular routes there is a limited number of non-stop flights, but a wide range of one-stop flights with competitive fares, considerably lower than those available on non-stop flights. The current situation of giving priority to non-stop flights has created a sort of monopoly situation on at least one European duty station - United Nations Headquarters route, with substantially higher fares being paid by the Organization than for alternative routes based on one-stop flights.

119. Dropping the most direct route concept would encourage competition among airlines operating on routes heavily used by United Nations travellers to offer attractive fares in economy class and/or business-class upgrading. It would also encourage Secretariat units, which operate on a tight travel budget, to be more economy-driven and deliberately to choose less costly and lower-class accommodation in order to save money for future travel. Dropping the most direct route concept would also give more flexibility to travellers and programme managers and enable them to profit from a much wider range of fares on shorter trips, of less than nine hours' duration, which would result in appreciable savings to the Organization.

120. The Inspectors also raised the issue whether a one-stop flight, as opposed to a non-stop flight, appreciably diminishes the comfort of travellers. The prevailing view among travel specialists and managers in the organizations in United Nation system and representatives of national Administrations and the business world is that it does

not. It was stressed that it is current practice for many flights, particularly on domestic routes, to be at least one-stop flights anyway.

121. The Inspectors are of the view that the above-mentioned modification in the establishment of air fare entitlement would contribute to the practical implementation of rule 107.7(b) of the Staff Rules, which stipulates that staff members shall exercise the same care in incurring expenses that a prudent person would exercise if travelling on personal business.

122. The search for the least costly air fare structure regularly available should not be left to the travel agencies and travel units alone. Although travel agencies are legally bound to issue tickets on the basis of the least costly fares, there is no procedure in place to check whether such adherence takes place in all cases of official travel. Travel agents, whose commissions depend on the amount of services provided, might not always be motivated enough to protect the interest of the Organization. Moreover, in processing such a large number of travel authorizations, mistakes may occur. There are good reasons why United Nations travellers should be encouraged to get more involved in securing the most economical and efficient use of their travel funds. The same point was made by Inspector Vukovic, author of two previous JIU reports on travel in the United Nations, issued in 1982 and 1985 respectively (see para. 7). Involvement of the staff, who are motivated to protect their travel budget, is the best safeguard that economy of travel is enforced. It is therefore proposed that the administrative assistants of substantive and servicing departments should have access to the on-line airline schedules and information.

123. The United Nations should be allowed to use and profit from unconventional practices which exist on the market. The air fare structure has evolved over the years in such a way that most reduced and discounted fares apply to round-trip travel. Consequently, one-way tickets are very often much more costly than round- trip tickets. The Organization would profit financially if it was allowed to issue round-trip tickets to travellers who will knowingly use only one portion of that ticket. Practical arrangements should be made internally (unused portions of tickets to be returned to travel units) and externally with airlines willing to accept such a practice.

124. Cutting travel costs through searching for the least costly fares available, which are very high on the agenda of Member States and Secretariat alike, should not adversely affect the safety of United Nations travellers. Human life is priceless and has priority over judicious efforts to achieve efficiency and economy. The Inspectors would like to stress that it is a duty of the Organization to give special and continuous attention to the issue of safety of travel. Safety concerns can be and are addressed through using carriers with proven records of reliability and avoiding those carriers which, inter alia reduce the maintenance and servicing of aircraft in order to be able to offer most advantageous fares.

125. The Inspectors raised this issue with travellers, travel managers and representatives of the International Air Transport Association (IATA). The representative of IATA stated that the issues of air safety and security are within the competence of Governments, which insist on their exclusive prerogative in this area. The Inspectors were assured that awareness of safety exists in the United Nations administration and that travel services and travel agents handling Organization travel

are sufficiently alert to those issues and decisively avoid unsafe transportation; they are sending travellers on recognized carriers with confirmed records of reliability and security.

126. However, the authors of the report would like to point out that there are situations when United Nations travellers on official missions, when using "United Nations provided aircraft", are requested to sign a statement releasing the Organization from responsibility for any loss, damage, injury or death during such travel.

2. Classes of air travel

127. With regard to classes of air travel, the current situation, as already referred to, is the following: staff members below Assistant Secretary-General level travel in economy class on flights of up to nine hours, then business-class on journeys longer than nine hours. Staff at the Assistant Secretary-General level and above are entitled to business-class accommodation irrespective of flight duration. Members of organs and subsidiary organs are equated, in respect of class of travel, with staff either below or above Assistant Secretary-General level. With regard to first-class travel[47], the General Assembly, in its resolution 42/214 of 21 December 1987, decided that "all individuals, with the exception of the Secretary-General and the heads of delegations of the least developed countries to the regular and special sessions of the General Assembly, whose travel is financed by United Nations organizations and programmes and who were previously entitled to first class accommodation, will be required to travel at the class immediately below first-class." The term "class immediately below first-class" was used due to the different terminology utilized by the airlines but it means business-class. The same resolution also authorized the Secretary-General to exercise his discretion in making exceptions to allow first-class travel on a case - by - case basis. Similar discretionary powers with regard to business-class were established in Administrative Instruction ST/AI/249/Rev. 3 of 29 March 1989 and reconfirmed by General Assembly resolution 45/248A, part XIII, of 21 December 1990. The report of the Group of High-level Intergovernmental Experts to Review the Efficiency of the Administrative and Financial Functioning of the United Nations, which was approved by the General Assembly in resolution 41/213 of 19 December 1986, stated (recommendation 38/2) that, as a rule, first-class air travel should be limited to the Secretary-General. Those provisions have been incorporated in the relevant Administrative Instruction and Secretary-General's Bulletin on travel of staff and of members of organs and subsidiary organs.

128. The issue of entitlement to higher than economy-class transportation attracts considerable interest among staff and delegates of Member States. The key yardstick in entitlement to travel in business-class is the so-called nine-hour rule. According to General Assembly resolution 32/198 of 21 December 1977, it became the major criterion of business-class entitlement for most United Nations travellers (staff members). The nine-hour rule means the duration of a particular flight, including scheduled stops for such purposes as change of planes or refuelling, but excluding travel time to and from airports.

129. The rationale behind the nine-hour flight duration was to encompass travel between United Nations Headquarters and duty stations and seats of specialized agencies of the United Nations system located in Europe. The evolution of the aviation industry, in particular faster wide-body intercontinental planes, has created a situation where some European duty stations and frequently visited capitals (Budapest, Prague, Rome, Vienna , Warsaw) are on the verge of the nine-hour limit. For example, a non-stop flight New York - Vienna eastbound is 8 hours and 50 minutes, while westbound it is 9 hours and 45 minutes; New York - Rome eastbound is 8 hours and 5 minutes, while westbound it is 9 hours and 5 minutes; New York - Warsaw eastbound is 8 hours and 55 minutes, while westbound it is 9 hours and 35 minutes). All official travel on these routes is currently in business-class. Thus, the question arises whether the General Assembly still adheres to its original intention to put all European duty stations on the same footing. If the intention and rationale are the same, the nine-hour rule should be reconsidered and, perhaps, changed to 10 hours flight duration for entitlement to business-class. ACABQ - in its most recent report of August 1995 on travel and related entitlements for members of organs and subsidiary organs and staff members of the United Nations and on standards of accommodation for air travel - has also called for a review and related proposals with regard the nine-hour threshold "in the light of all relevant factors".[48]

130. The Inspectors inquired into the existing entitlement to first class air travel and ascertained that in the United Nations there are still individuals entitled to first- class travel other than those authorized under the system of granting exceptions. These are the judges of the International Court of Justice and their spouses and dependants, who are entitled in their official travel to first class accommodation[49].

131. The Inspectors believe that this exceptional case relates more to the principle of coherence and consistency of the travel system rather than to cost savings to the Organization, since the difference between first and business-class travel in 1994 was estimated by the Secretariat of the Court as $37 213. They would also like to point out that travel entitlements of judges of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia are based on business-class for all official travel.[50] Over and above these considerations, the Inspectors note that first class is being abolished on a number of routes and concern for the comfort of travellers would be properly addressed by entitling them to business-class accommodation.

132. Another group of individuals entitled, upon approval, to first-class air travel accommodation are special representatives of the Secretary-General travelling on official business. Administrative Instruction of 1989 on travel of staff, in paragraph 2(a) clearly establishes such an entitlement.

133. In the process of consultations with a number of interested Member States on recommendations of this report, a strong view was expressed that proper conclusions must be drawn from the financial stringency of the United Nations and applied, inter alia, to travel. The Inspectors took this view fully into consideration, since it creates a specific background against which otherwise justifiable improvements aimed at increasing the comfort of travellers must be assessed.

134. In the considered view of the United Nations travellers the authors of this report have approached, the key issue in assuring a sufficient level of comfort is excessively restrictive access to business-class accommodation. This is why the Inspectors attempt to indicate, throughout this report, measures which - if successfully implemented - would provide more comfort to United Nations travellers by upgrading them to business-class whenever possible, without incurring additional expenditure by the Organization.

135. Attention should be drawn to the fact that the United Nations and four specialized agencies have the same travel standards, but most specialized agencies allow much greater travel comfort, i.e entitlement to business-class accommodation. The Inspectors would like to caution against increasing further the already existing disparity in travel standards between the United Nations and other organizations in the United Nations system.

3. Procedure for granting exceptions to allow higher-class air transportation

136. As already indicated, the Secretary-General is empowered to make exceptions to allow first and business-class travel on a case-by-case basis. The following circumstances have been established as justification for upgrading: health condition, no seats available in lower class, arduous journey, eminent persons. Reporting to the General Assembly and to ACABQ on a yearly base has been established. This procedure of upgrading has been in operation for almost 18 years and in principle has proven to be working reasonably well. It provides the Secretary-General with certain flexibility, necessary to address a number of justifiable cases for upgrading. This procedure, administered by officials of the Department of Administration and Management, is executed in a prudent and reasonably tight manner.

137. Such a generally positive assessment does not mean that the exceptions procedure does not require some clarification and fine-tuning. In particular, the notion of eminent persons requires clarification, as mentioned by ACABQ in its reports.[51] Upgrading on the ground that no seats are available in a lower class might in some cases depend on how early the booking of a seat have been made. There are legitimate cases of unplanned and last-minute travel by some officials and/or staff members; but it seems to the Inspectors that in most cases - due to the existing practice of quarterly travel plans - they should be exceptionally rare. To diminish further the occurrence of such cases, programme managers must devote much more attention to advance travel planning. Both programme managers and certifying officers approving travel authorizations, and travellers themselves should be primarily accountable for advance planning and booking. Documents reporting exceptions granted on account of no seats being available in a lower class should indicate the dates of travel and bookings. The Integrated Management Information System (IMIS), whose release II will be operational from January 1996, will contain detailed information relating to travel which might enable cases of unjustified last-minute booking to be monitored more closely. The Office of Internal Oversight Services should look into cases where potential abuse might occur.

138. The Inspectors believe that there is a need for some modification of reporting on granting exceptions. According to a number of General Assembly resolutions, the

United Nations Secretariat has to prepare an annual report of which a more detailed version (containing names of persons to whom exceptions were granted) goes to ACABQ and an abbreviated one (no names but figures only) goes to the Fifth Committee of the General Assembly. Due to its busy schedule, the Fifth Committee last considered the report on granting exceptions in 1992. After consulting Secretariat officials and a number of delegations, the Inspectors suggest that the Fifth Committee revert to the question of periodicity of reporting, taking into account new circumstances and the trend towards biennialization which has developed over the last few years. The Fifth Committee continues to be overburdened with a very heavy agenda and is considering further measures (see conference room paper A/C.5/49/CRP.4/Rev. 1 and draft resolution A/C.5/49/L.60, both of July 1995) to improve its organization of work.

139. The Fifth Committee might be invited to choose among the following options: to retain the present practice; to biennialize reporting on exceptions requested and granted and prepare only one version of the report indicating names; to discontinue reporting to the General Assembly and maintain reporting to ACABQ, which - if it deemed appropriate - would draw particular matters to the attention of the General Assembly; to request the Office of Internal Oversight Services to look into the practice of granting exceptions and report on it if and when it deemed such a course necessary. The Inspectors' preference is for biennial reporting and transparency of exceptions granted, this is why they are for one version of the report for both the General Assembly and ACABQ.

4. Stopovers

140. As early as in the 1960s, rules were established on the entitlement to stopovers en route when travelling by air. If travel time is more than 10 hours, a United Nations traveller is entitled to one full day (24 hours) of official rest, for which a DSA is payable. If travel time is more than 16 hours, then the entitlement is two days of stopovers with corresponding DSA. It is left to the traveller to determine how he or she uses this entitlement. Rules relating to stopovers are contained in ST/AI/249/Rev.3 of 1989. An annex to it, revised from time to time, contains a computation of flying time from New York to capitals of Member States with a corresponding indication of how many days of stopover a traveller is entitled to. Reference to stopovers is also made in the Staff Rules.

141. The Inspectors inquired into the history of this entitlement and traced it to Administrative Instruction of October 1961 issued by the Controller[32]. That was superseded by another Administrative Instruction from the Controller in January 1963, which says: "Where air journeys, by direct route, are of a duration of nine hours or more but less than sixteen, determined by the airlines timetables and based on elapsed time, including necessary waiting periods between planes, one day stop with subsistence allowance shall for purposes of rest be authorized provided travel is by economy or tourist class; for a journey of sixteen hours or more, two days, and for a journey of twenty-one hours or more, three days of stopover time shall be allowed (...) There shall be issued from time to time lists showing the approved transit allowance rate authorized for each journey and maximum travel time, including stopovers between Headquarters and other localities commonly visited in the course of official travel. Similar lists shall also be established by regional offices as

appropriate."[53]

142. Current practice with the entitlement to stopovers was established almost 35 years ago in a different era of air transportation by propeller-engine planes, when long distance intercontinental travel required many hours of flying time, landings for refuelling and changing planes, which taken together were very tiring for the traveller. In the times of fast jet planes the concern for traveller comfort can be addressed more efficiently through better-class accommodation on the plane and/or through rest time at the destination, rather than through entitlement to stopovers en route.

143. Based on the Inspectors' own experience and discussions with some United Nations travellers, taking stopovers en route to the final destination can be as tiring as the flight itself. Immigration and Customs clearance, transfer to hotels and back to airports, and staying in unfamiliar hotels have enduring effects on the traveller. Taking a rest at the destination usually makes the traveller better prepared to undertake official duties. Stopovers during air travel are completely unknown in the business world.

144. The current practice of up to two days of stopovers is very costly to the Organization. It breaks the trip into separate portions, requires issuance of split tickets with separate air fares and carriers, and makes it impossible to take full advantage of discounted fares for the whole journey. The rationale for stopovers has disappeared over time and is an obsolete and costly way of travelling. Consequently, it should be abolished or at least considerably modified.

145. The following option can be recommended: instead of taking stopovers, en route, a traveller should be allowed to take more rest time at the final destination. This proposed change with regard to stopovers requires a corresponding amendment of the rules and regulations currently in force, in particular the Staff Rules.

5. Travel by other means of transportation

146. Although, as stipulated the in relevant rules and regulations, the normal mode of transportation for all official travel is air, there are situations and specific routes (such as New York - Washington, Geneva - Paris) where rail travel is cost-effective, otherwise beneficial and preferred by travellers. In such cases - as foreseen and allowed in these rules - the United Nations should use this alternative mode of travel. The above routes are heavily travelled by United Nations staff, since they top the so-called list of "pairs-cities". For example, New York - Washington is the number one destination for official travel originating from Headquarters.

147. Therefore it is both logical and cost-effective that the Secretariat of the United Nations should advise and encourage travellers to use railways more often than is done at present. At this juncture, the Inspectors would like to point out that the travel services should ensure that travel agencies working for the Organization do not levy service charges due for arranging services by rail on United Nations travellers.

148. There are also instances where the use of private cars for official travel is cost-effective and preferred by travellers. The relevant rules on official travel specifically regulate the reimbursement of travel expenditure when using private cars. For that

purpose the Secretariat should establish and publish the calculation of standard distances between frequently travelled destinations and apply them to all cases of travel when private cars are used. This should help to eliminate cases of disagreements between travellers and travel units as to the specifics of mileage calculations.

B. Travel expenses other than those relating to transportation

1. Should the current daily subsistence allowance (DSA) system be maintained?

149. The United Nations and most of the organizations in the United Nations system use the daily subsistence allowance (DSA) rather than a system of reimbursement of expenses incurred up to certain level. Computation of DSA, done by the International Civil Service Commission (ICSC) and circulated monthly, is viewed by almost all interested persons as well founded and enjoys wide acceptance as being reasonable and practical. Even some organizations outside the United Nations system use United Nations data on DSA, including the International Air Transport Association (IATA). The DSA structure is 50 per cent for lodging with breakfast, 15 per cent for lunch, 15 percent for dinner and 20 per cent for incidentals. The expense-based system applies mainly to expenditure on lodging. The World Bank uses both: reimbursement of hotel costs based on the highest corporate rate in a given city and DSA for meals and incidentals.

150. The rationale for the system of covering expenses actually incurred stems from the general and conceptual consideration - also contained in the Staff Rules of the United Nations - that the traveller is compensated for actual expenditure only. Accordingly, official travel should not be a source of personal financial gain. However, this principle should be weighed against the requirements of practicability, gains in efficiency and cost-effectiveness.

151. The Inspectors are aware of the occurrence of personal financial gain from DSA in certain instances. This may occur mainly on longer missions and in some duty stations, where more advantageous than daily or weekly hotel rates or other types of accommodation are available. They would point out that such gains are substantially offset by automatic reduction of DSA after 30 days of mission time. The General Assembly, if it so wishes, might review the rationale and scheme of scaling down DSA level in relation to the length of mission.

152. After carefully considering advantages and disadvantages of the systems based on DSA and expenses actually incurred supported by receipts and up to certain limit, the Inspectors do not recommend at this time departure form the current United Nations practice for the following reasons:

(a) There is no reasonable expectation that a system based on actually incurred expenses will bring about appreciable savings for the Organization;

(b) Administering an expenses-based system supported by receipts would certainly involve considerable work. Taking into account the existing backlog in processing travel claims and other administrative documents at various duty

stations, such an additional workload would necessitate increased staff resources in many duty stations. If the General Assembly so wishes, it might request from the Secretariat information on and calculation of the additional workload involved in handling and administering receipts for hotel accommodation under the system of reimbursing expenses actually incurred.

2. Additional allowance over and above DSA

153. It is a well-established practice within organizations in the United Nations system to grant a supplementary allowance to certain high-level staff members and officials performing duties on behalf of these organizations. In the United Nations the additional allowance over DSA is 15 per cent for officials at D-1/D-2 levels and 40 per cent for officials at the Assistant Secretary-General level and above. Members of subsidiary organs are equated with one or other group of officials and receive a corresponding percentage of additional allowance over DSA. Payment of the additional allowance is computed automatically.

154. The Inspectors inquired about the rationale and legal basis for such a practice. As to the rationale, there is no written Secretariat document or decision of intergovernmental organs why and for what purpose such a supplement is granted. In January 1969 an Administrative Instruction was issued establishing a 40 per cent addition to DSA for officials at the Under-Secretary-General and Assistant Secretary-General levels and "officials of equivalent rank"; for staff at D-2/D-1 levels (with the exception of staff assigned to technical assistance projects) an additional 15 per cent over DSA was granted[54]. This Instruction has subsequently been revised a number of times[55]. The above term "officials of equivalent rank" was applied to members of organs and subsidiary organs of the United Nations. In a number of its resolutions and decisions, the General Assembly has extended payment of an additional allowance to members of specific organs and subsidiary organs.[56]

155. The Inspectors, after consulting a wide range of officials in the United Nations and in the specialized agencies, as well as travel managers, accept the view that top-echelon staff travelling on official business incur additional expenses. However, it might be asked whether this applies to all cases of official travel, in particular when free services in the form of lodging and meals are provided by host Governments or institutions. Accordingly, the Inspectors believe that present practice should be made more rational and transparent and be linked more directly to the compensation of expenses which were incurred or which are likely to be incurred in the judgement of high-ranking United Nations travellers. Therefore, it is recommended that the present "automatic" payment of an additional allowance over and above DSA be modified: it should be requested by United Nations travellers either before the trip when requesting an advance or after the trip on the travel claim form.

3. Hotel accommodation

156. As already indicated, hotel accommodation is the largest component of DSA. Theoretically it should constitute 50 per cent of DSA, although in practical terms - as evidenced in the material compiled by the International Civil Service Commission -it may rise to 70 per cent of the daily allowance. Hotel accommodations costs in the

major United Nations duty stations are high and growing constantly. Thus to contain the cost of hotel accommodation is an important element in controlling travel costs. However, this is an area where not much can be done.

157. To beat the high cost of lodging, large corporations with substantial and stable travel programmes have a practice of operating their own corporate apartments and residential units or concluding contracts with operators of residential hotels and of negotiating special price deals with major hotel chains. The idea of apartments is attractive, but does not seem to be applicable to the United Nations for reasons of principle, legal as well as practical. Despite this, it would be worth exploring whether conditions exist in some duty stations to conclude a contract providing a certain amount of accommodation to the United Nations. A more realistic approach, aimed at containing hotel costs, is skilful negotiation with local hotels aimed at obtaining as large as possible discounts on regular rates for United Nations travellers. There are good precedents for the granting of such discounts in Geneva and some other duty stations.

158. It is suggested that new and vigorous efforts be made by the travel services in various duty stations to obtain discounted hotel rates for the United Nations travellers, comparable to those accorded to government officials or other favoured customers by major hotel chains or local smaller hotel companies or hotels owned by airlines. The Office of Legal Affairs of the United Nations Secretariat, as well as legal services at various duty stations, should explore the possibility of exempting United Nations travellers from hotel taxes, which are quite high.

159. The travel services at Headquarters and in various duty stations should compile local directories of hotels, indicating applicable United Nations rates, update them periodically, exchange them among themselves and make them available, including on-line, to all interested travellers.

4. Terminal expenses

160. Staff Rules contain a provision indicating a standard rate of US$ 27 as allowable terminal expenses; thus terminal expenses per trip with one destination are US$ 108 (4 x US$ 27). In some duty stations, Headquarters in particular, the US$27 rate is in many cases not a realistic one. However, the Inspectors would like to suggest maintaining the current overall limit of US$ 108 with the following modification: instead of current "automatic" payment of terminal expenses of US$ 108 (in all cases when an official car from the United Nations or host Government was not provided), they should be specifically claimed, stating the amount actually incurred, and reimbursed up to the existing limit. Payment of terminal expenses should be also allowed as an advance.

5. Free services and benefits provided to travellers

(a) Free services provided to travellers by receiving countries or organizations

161. Staff Rules (rule 107.15(a)) stipulates that established rates of DSA "shall be subject... to reductions in cases where lodging or meals are provided free of charge by the United Nations, by a Government or by a related institution". The Inspectors have established that the Controller, as early as 1975, issued an Administrative Instruction regulating in detail treatment of free services offered and accepted by the United Nations traveller[57]: when accommodation is provided free of charge, DSA is reduced by 50 per cent, if meals are provided, the reduction shall be 30 per cent, if both are provided, the reduction shall be 80 per cent. The Controller was rather strict, since the 50 per cent reduction for free lodging applies to all types of accommodation offered and accepted, including "barracks, boats or tents".[58] This Instruction has been applicable since 1 May 1975, has never been amended, but is not enforced Organization-wide and is virtually unknown to United Nations travellers in general.

162. A number of issues may be raised in connection with the existing rules relating to free services. First, the Staff Rules do not apply to all individuals entitled to official travel on behalf of the United Nations. Second, although clear and precise rules exist, there is no procedure for applying them Organization-wide. This is why the practice at Headquarters and at various duty stations varies in this regard. For example, at Headquarters standard travel forms (which do not contain a reference to free services) are now stamped with the following remark "Hotel accommodation provided-reduced rate payable". In some other duty stations reduction of DSA due to free accommodation and meals is not enforced at all.

163. The Inspectors recommend that the travel authorization forms and travel claim forms used by the United Nations be revised to accommodate rules governing free services accepted by the United Nations traveller. Central and local administrations at various duty stations should be responsible for enforcing these rules, and making sure that the value of such services is deducted from the cost of travel.

(b) Benefits of frequent-flyer programmes

164. It should be stressed and made clear to all those concerned that as a matter of principle all auxiliary benefits out of travel paid by the United Nations belong to the Organization. How the Organization gets back and uses these benefits is another matter which is subject to practical and cost-effective possibilities of administering them.

165. In the mid-1980s, the American Airlines invented and first introduced a frequent-flyer programme designed to create loyalty among its frequent passengers and their families. This concept was almost immediately followed by other airlines and quickly a situation came into being where almost all major carriers have their own frequent-flyer programmes.

166. The United Nations reacted quickly to this development in the aviation industry. The Organization entered into negotiations with its major carriers and obtained from them so-called corporate frequent-flyer miles. Such miles were given by airlines as credits to corporations which purchased tickets for travel by their staff. These credits could then be used for further air transportation by the issuing airline. While such corporate miles were initially thought to replace miles credits given to individual passengers, some airlines began giving miles credits to both, the United Nations and the individual travellers. In 1988 the Secretariat came to the conclusion that administering accrued corporate miles was very difficult and time- consuming and resulted in obtaining highly restrictive tickets which were not endorsable to other carriers. Thus, the Secretariat opted for another solution: it has successfully concluded arrangements with its most used carriers whereby corporate miles credits have been replaced by cash rebates. These cash rebates are based on flown revenue of the given airline and are quite significant in monetary terms.

167. As early as May 1985, an Information Circular by the then Assistant Secretary-General for General Services was issued, advising the staff members that "credits earned as a result of official travel undertaken at United Nations expense may be used only for subsequent official travel and not for private travel".[59] It further added that in the event that an airline imposes a membership or equivalent fee for participation in its mileage credit scheme, the Organization will pay that fee in respect of official travel. Following the conclusion of arrangements with air-carriers for benefits to accrue directly to the Organization in respect of all official travel originating from New York, the Secretariat of the United Nations in 1988 cancelled the above-mentioned requirements of the Information Circular.[60]

168. The Inspectors inquired into the practice with regard to frequent-flyer programmes in the United Nations system and established that at least one organization, the World Health Organization (WHO), had developed a procedure whereby some air transportation costs of official travel are financed, on a voluntary basis, through accumulated miles out of previous travel. This procedure has been in operation for quite some time and they have been assured that it is working quite satisfactorily.

169. The Inspectors have discussed this issue with United Nations travel managers at Headquarters and in some other duty stations. They have been quite unanimous in stating that collecting from travellers and centrally administering mileage banks of frequent-flyer programmes is not cost-effective. They have also pointed out that most large corporations and national Administrations do not attempt to claim on mileage credits of their employees generated by official travel. It was also stressed that Internal Revenue Service of the United States also gave up its previous attempts to identify such mileage credits for taxation purposes. At the same time, it should be pointed out that some Member States have, as an official policy, a practice of giving back, on a voluntary basis, mileage credits earned on official travel and requesting its employees to utilize these credits towards future travel.

170. The issue of benefits of frequent-flyer programmes has attracted the attention of a number of Member States. The Inspectors believe that, for the sake of accountability and transparency of the United Nations travel system, the question of frequent-flyer benefits should be made clear in another Information Circular. In particular, the practice of financing some air transportation through the use of accumulated miles of frequent-flyer programmes, on a voluntary basis, should be re-established, at least for a trial period. The United Nations might profit from WHO's experience of operating this procedure. The Organization should also encourage its travellers to apply for and systematically collect mileage credits of frequent-flyer programmes. The inspectors also believe that the Secretariat should provide the General Assembly with relevant, updated information and an assessment of the cost-benefits of centrally administering the mileage banks of frequent-flyer programmes.

IV. UNITED NATIONS SYSTEM-WIDE COORDINATION IN THE AREA OF TRAVEL

A. Coordination at the national government level

171. There are a number of issues which fall within the system-wide coordination of travel. First is the advisability of harmonization of standards of travel. ACABQ in its report[61] and the General Assembly in its decision requested that "the review/evaluation of the travel system takes into account practices elsewhere in the United Nations system with a view to achieving uniformity and consistency".[62] This is an officially stated objective and any practical steps which might be taken in the area of travel should be consistent with it.

172. On the question of harmonization of travel standards system-wide, the Inspectors reviewed in detail the results of a questionnaire sent by the Secretariat of the United Nations to various organizations in the United Nations system, reflected also in the Secretary-General's report on travel of staff[63]. After consulting organization representatives, the Inspectors came to the following conclusions:

(a) that there is no uniformity of standards of travel in the United Nations system; and

(b) that a pattern of better treatment of official travel in the specialized agencies than in the United Nations itself had become more and more pronounced over the years. This inquiry, done at random, was made three years after the United Nations Secretariat review, but enabled the Inspectors to make the same determinations and conclusions as the Secretary-General in his report. In particular, they accept the Secretary-General's conclusion that "the standards of accommodation for air travel show that the standards applicable to staff members of the United Nations tend to be lower than those accorded to officials of comparable rank in other organizations within the United Nations system. This is particularly the case with regard to the standards of accommodation provided to staff members at the D-2 level and below. United Nations staff members at these levels are authorized to travel at a standard of accommodation lower than that accorded to similar staff in 11 out of 14 organizations surveyed. The remaining 4 organizations apply standards of accommodation equivalent to those of the United Nations".[64]

173. The rationale for postponing the review/evaluation of the system of United Nations travel in 1992 and 1993 - particularly in relation to the travel of staff - was that efforts to achieve greater uniformity and consistency in the travel provisions applicable to staff members within the United Nations were made through the Consultative Committee on Administrative Questions (Personnel and General Administrative Questions) of the Administrative Committee on Coordination.[65] The Inspectors discussed this matter with the Secretariat of the CCAQ, which gladly shared with them

all the information on the compendium of current practices on travel within the United Nations system, disseminated in September 1993 among the United Nations system organizations. CCAQ (Financial and Budgetary Questions) from time to time considers some particular issues of travel arrangements, such as standard rates for terminal expenses at its last session on 28 August 1995 in New York.[66]

174. The issue of system-wide coordination of standards of travel "with a view to achieving uniformity and consistency" is now before Member States, which should decide on the proper course of action. Taking into account the existence of different standards of official travel in the organizations within the United Nations system, the General Assembly might take a policy decision pressing for practical steps aimed at achieving greater uniformity and consistency in the area of travel, which would mean narrowing the existing gap. Consequently, the Fifth Committee of the General Assembly (under the agenda item" Administrative and budgetary coordination of the United Nations system") might request the Administrative Committee on Coordination and its subsidiary machinery to undertake new efforts aimed at achieving more tangible results.

175. As stated already in paragraphs 133-134, the inspectors wish to caution against widening further the existing gap between organizations in the United Nations common system as regards salaries, allowances, conditions of service, and, in particular, travel standards. Although travel entitlements are not part of the common system of salaries and allowances, they are part of the conditions of service; thus further widening disparities in treatment of travellers would certainly further weaken the common system, which should definitely be avoided.

176. The existing differences in travel standards in the organizations in the United Nations system bear on the issue of so-called coordination at the national government level (the same Governments should take similar positions in different organizations on the same issues). The General Assembly might call the attention of Member States to the importance of coordination at the national government level. The Inspectors would like to recall that ACC has very decisively stressed the need for coordination at the country level when commenting on a previous JIU report.[67]

B. Coordination among travel services at the secretariat level

177. The Inspectors have reviewed the issue of a mechanism for coordination and consultations between travel services and travel managers of various organizations in the United Nations system. Like CCAQ, they are of the view tha the most useful and practical mechanism would be the informal consultations among travel managers operating in the same market, meeting as the need arises, instead of formal periodic gatherings. The last time such a meeting was held was on 19-20 June 1995 in Geneva, when travel managers from European duty stations of the United Nations and from specialized agencies located in Europe participated. The next meeting is scheduled to take place in Vienna.

178. Informal meetings of travel managers should be open to all interested organizations and information on them should be circulated well in advance. Experience has shown that these meetings are a convenient way of sharing information - otherwise confidential and unavailable - on particular arrangements and benefits acquired from air-carriers and travel agents, and thus contributing to gains in efficiency and cost-savings for the participating organizations.

NOTES

1. A/C.5/47/61 of 24 November 1992 and Corr. 1.

2. Ibid., para. 20.

3. Ibid.

4. A/37/357 of 30 July 1982.

5. A/48/7 of 3 December 1993, para. 42.

6. Ibid.

7. A/50/6 Part I, Introduction, Table IV, of 12 May 1995.

8. For example "As a first step to cut expenses, I reduced our travel costs worldwide", statement on 25 June 1995 in San Francisco at the celebration of the fiftieth anniversary of signing of the United Nations Charter, United Nations press release SG/SM/5662 of 23 June 1995; see also the Secretary-General's Bulletin (ST/SGB/278 of 14 September 1995), in which, inter alia, he introduced, with immediate effect, severe limitations on staff travel.

9. ST/SGB/107/Rev. 6 of 25 March 1991.

10. A/C.5/47/61 of 24 November 1992 and Corr.1, and also A/C.5/48/14 of 14 October 1993.

11. The list of LDCs is established by ECOSOC; it currently includes 42 States Members of the United Nations.

12. Yearbook of the United Nations 1993, Appendix III, pp. 1361 to 1364.

13. See annex III to A/C.5/47/61 and Corr.1 and annex III to ST/SGB/107/Rev.6, and also GA resolution 47/219A, section XV, of 23 December 1992.

14. GA resolution 31/93 of 14 December 1976.

15. GA resolution 31/192 of 22 December 1976.

16. Basic regulations on use of experts and consultants in the United Nations has been established in ST/AI/232 of 28 November 1975, to which changes have been introduced in subsequent years, but they do not relate to the travel entitlement.

17. In some cases these developments were responsible for a situation that airlines were losing money on certain, well booked flights. For example, on a non-stop TWA flight New York-Geneva-New York most passengers were travelling on highly-reduced fares or on free tickets. The Inspectors were informed that that fact was a reason for cancellation of that particular flight.

18. IATA Annual Report 1994 for the 50th Annual General Meeting, Mexico City, 31 October - 1 November 1994, doc. No.1, p. 8.

19. See information contained in USIS, Geneva Daily Bulletin No. 116, of 26 June 1995.

20. A/37/357 of 30 July 1982, para.2.

21. ST/AI/249/Rev.3 of 29 March 1989.

22. GA resolution 48/218 of 23 December 1993.

23. A/49/336 para. 186, of 14 August 1994.

24. A good point of departure is the Headquarters "Manual of procedures - Part II, 1.00 Organization of the Transportation Section" and "2.00 Organization of the travel unit and responsibilities of subunits".

25. ST/SGB/Staff Rules/1/Rev.7, New York, 1990 (100 series); see also ST/SGB/Staff Rules/2/Rev.7, New York, 1990 (200 series applicable to technical assistance project personnel) and ST/SGB/Staff Rules/3/Rev.5, New York, 1994 (300 series governing appointments for service of a limited duration).

26. ST/SGB/Staff Rules/1/Rev. 7, New York, 1990.

27. ST/AI/249/Rev.3 of 29 March 1989.

28. ST/SGB/107/Rev.6 of 25 March 1991.

29. Annex 3 of the Secretary-General's Bulletin contains a list of organs, whose members' travel expenses are paid by the Organization, in which, by omission, the Joint Inspection Unit is not indicated. The Secretary-General's report to the General Assembly on travel of members of organs and subsidiary organs (A/C.5/47/61 of 24 November 1992, annex 3) corrected this omission by including JIU.

30. ST/AI/137/Add.1/Rev.1 of 13 May 1975.

31. "Accountability and oversight in the United Nations Secretariat" (A/48/420) of 12 October 1993.

32. "Accountability and responsibilities of programme managers in the United Nations" (A/48/452) of 5 October 1993 and GA resolution 48/218, part I E, of 23 December 1993.

33. ST/SGB/Financial Rules/1/Rev.3 (1985).

34. ST/SGB/PPBME Rules/I(1978).

35. ATM Location Directory, 4th Qtr. 94 - 2nd Qtr. 95.

36. A/C.5/48/12/Add. 1 of 21 June 1994 and IMIS Newsletter, Issue 8 - March 1995.

37. Information Circular from the Under Secretary-General for Administration and Management (ST/IC/1990/13) of 19 March 1990.

38. ST/IC/1990/13/Amend. 2 of 15 July 1992.

39. CCAQ/ACC/1989/FB/R.14 of 21 February 1989.

40. This was quite convincingly established and presented in the report of the Panel on the Review of the Lump-sum Option for Home Leave and Related Travel, of 20 December 1994.

41. ST/SGB/Staff Rules/3/Rev. 5 of 1 January 1994.

42. A/37/357 of 30 July 1982 and A/41/121 of 6 October 1986.

43. See Secretary-General's comments on JIU reports A/37/357/Add. 1 of 12 November 1982 and A/41/121/Add. 1 of 6 October 1986.

44. See for example GA resolution 37/241, para. 3, of 21 December 1986.

45. A/46/748 of 5 December 1991.

46. The importance of this aspect of travel arrangements has grown with the development of United Nations peace-keeping activities, in particular when military observers are sent to the mission area bringing with them large amounts of equipment needed immediately. The cost of transportation of such excess luggage can exceed many times the price of a passenger ticket.

47. JIU has contributed in the past to the consideration of the issue of first-class air travel by preparing in 1977 a report (A/32/272) which set the tone for a debate in the Fifth Committee at the thirty-second session of the General Assembly and served as the basis for resolution 32/198 of 21 December 1977 which limited the use of first-class air travel in the United Nations.

48. A/49/952 of 4 August 1995, para. 3.

49. GA resolution 37/240 of 21 December 1982, annex.

50. ACABQ report A/49/7/Add. 12 of 10 March 1995.

51. A/46/748, para. 5, of 5 December 1991, A/49/952, para. 17, of 4 August 1995.

52. ST/AI/139/Rev.1 of 19 October 1961.

53. ST/AI/150 of 9 January 1963 (para,3(c)(i)).

54. ST/AI/137/Amend.3 of 2 January 1969.

55. It should also be noted that such an increased rate over DSA is used to calculate the installation grant for senior-level officials and was introduced in ST/AI/137/Amend.5 of 13 October 1971.

56. Notwithstanding the fact that the specifics of travel and DSA entitlements of members of subsidiary organs are not dealt in this report, the Inspectors would like to indicate a differentiation in entitlement in additional allowance of members of the Committee for Programme and Coordination (15 per cent over DSA, as decided in paragraph 12 of GA resolution 31/93 of 14 December 1976) and subsidiary bodies of similar character, such as ACABQ, the Committee on Contributions and the

International Civil Service Commission (entitled to a 40 per cent additional allowance over DSA).

57. ST/AI/137/Add.I/Rev. 1 of 13 May 1975.

58. Ibid.

59. ST/IC/85/Add.1 of 23 May 1985.

60. ST/IC/85/18/Add. 1 of 3 February 1985.

61. A/46/748, para. 9.

62. GA decision 46/450 of 20 December 1991.

63. A/C.5/48/83 of 29 July 1994.

64. Ibid., para. 28.

65. **A/C.5/47/61, para. 5, of 24 November 1992.**

66. ACC/1995/FB/R.32/Rev. 2, p. 8, point 6.4., of 23 August 1985.

67. E/93/119 Add. 1, para. 17, of 9 November 1993, ACC comments on the JIU report on "Relationship agreements between the United Nations and the specialized agencies: review and strengthening of sections pertaining to the common system of salaries, allowances and conditions of service".

TABLE 1

ANALYSIS OF UNITED NATIONS REGULAR BUDGET TRAVEL EXPENDITURES FOR 1992-1993, APPROPRIATIONS FOR 1994-1995 AND ESTIMATES FOR 1996-1997 BIENNIA

(THOUSANDS OF UNITED STATES DOLLARS)

BIENNIUM	OVERALL LEVEL	TOTAL TRAVEL	PERCENTAGE OF THE OVERALL BUDGET
1992-1993	2,375,138.5	39,585.7	1.66%
1994-1995	2,608,274.4	54,944.5	2.10%
1996-1997	2,687,067.8	48,356.7	1.79%

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TABLE 2

REGULAR BUDGET TRAVEL EXPENDITURES FOR 1992-1993, APPROPRIATIONS FOR 1994-1995 AND ESTIMATES FOR 1996-1997 BIENNIA, BROKEN DOWN BY TRAVEL OF REPRESENTATIVES, TRAVEL OF STAFF TO MEETINGS AND OTHER TRAVEL OF STAFF

(THOUSANDS OF UNITED STATES DOLLARS)

BIENNIUM	TRAVEL OF REPRESENTATIVES	%	TRAVEL OF STAFF TO MEETINGS	%	OTHER TRAVEL OF STAFF	%	TOTAL TRAVEL	%
1992-1993	13,770.7	34.8	6,083.6	15.4	19,731.4	49.8	39,585.7	100
1994-1995	18,717.5	34.1	4,839.5	8.8	31,387.5	57.1	54,944.5	100
1996-1997	20,214.5	41.8	4,846.1	10.0	23,296.1	48.2	48,356.7	100

Annex I

TABLE 3

REGULAR BUDGET EXPENDITURES FOR 1992-1993, APPROPRIATIONS FOR 1994-1995 AND ESTIMATES FOR 1996-1997 BIENNIA, BROKEN DOWN BY CONSULTANTS/EXPERTS, COMMUNICATION, GENERAL TEMPORARY ASSISTANCE AND TRAVEL

(THOUSANDS OF UNITED STATES DOLLARS)

BIENNIUM	CONSULTANTS/ EXPERTS	%*	COMMUNICATION	%*	GENERAL TEMPORARY ASSISTANCE	%*	TRAVEL	%*	TOTAL OF TRAVEL AND RELATED EXPENDITURES	%*
1992-1993	15,787.4	0.66%	41,602.9	1.75%	46,358.6	2.05%	39,585.7	1.66%	143,334.6	6.03%
1994-1995	16,262.5	0.62%	46,077.8	1.75%	59,229.8	2.27%	54,944.5	2.10%	176,514.6	6.76%
1996-1997	15,657.8	0.58%	47,132.2	1.75%	28,646.1**	1.06%	48,356.7	1.79%	139,792.8	5.20%

* Percentages of the overall regular budget.
** As supplied by the Programme Planning and Budget Division.

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Annex I

TABLE 4

EXTRA-BUDGETARY RESOURCES AVAILABLE TO THE UNITED NATIONS FOR THE BIENNIA 1992-1993 AND 1994-1995 AND ESTIMATES FOR 1996-1997

(THOUSANDS OF UNITED STATES DOLLARS)

BIENNIUM	OVERALL LEVEL	TOTAL TRAVEL	PERCENTAGE OF THE OVERALL BUDGET
1992-1993	(data not available)	-	-
1994-1995	4,515,023.2	76,420.9	1.69%
1996-1997	4,434,509.7	70,568.6	1.59%

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STATUS OF IMPLEMENTATION OF JIU RECOMMENDATIONS

1. Organization and methods for official travel (JIU/REP/82/7) (A/37/357, 30/7/1982)

JIU Recommendations	Secretary-General's Comments (A/37/357/Add. 1 of 12/11/1982)	General Assembly Resolution 37/241 of 21/12/1982	Status of implementation as reported by the Secretary-General (A/43/556 of 2/9/1988)
Rec. 1 : The United Nations should terminate the present contract with its commercial travel agency and select an agency under an in-plant arrangement through competitive bidding. Rec. 2 : The proposed in-plant travel arrangement, if possible, should also serve United Nations offices at duty stations.		Concurs with the recommendation of the JIU that the United Nations should select a commercial travel agency under an in-plant or other arrangement through widespread international competitive bidding at appropriate intervals.	(a) Implemented - The contract has been terminated after one year and a new contract has been concluded. (b) Part of the recommendation switching to in-plant travel agency - has not been implemented on the ground that it would not be advantageous to the Organization.
Rec. 3 : The United Nations should undertake negotiations with air-carriers to obtain discounts in countries where this is permitted or obtain the most economical fares by special arrangements (block ticket purchases etc.)	It is necessary to consider whether, bearing in mind the interest of Member States in diversification of United Nations procurement, it would be acceptable to give preference to one or a few airlines.	Concurs with the recommendations of JIU that the Secretary-General should undertake negotiations with interested Governments which sponsor air-carriers to obtain discounts in countries where this is permitted or to relax conditions which are an obstacle to obtaining the most economical fares.	(a) - Recommendation of block ticket purchase has not been implemented on the ground that it would mean giving preference to one or a few airlines. (b) - United Nations has not been successful in obtaining Government discounts due to the refusal of such an extention on the ground of policy considerations.
Rec. 4 : The possibility of establishing a United Nations travel agency, owned and operated by the Organization, should be reviewed and any opportunity that may develop should be actively pursued.		Calls upon the Secretary-General to keep the possibility of establishing a United Nations travel agency under review and to report accordingly to the General Assembly at its thirty-eight session.	NOT IMPLEMENTED - after evaluating the cost-benefit analysis, the Secretariat was convinced that the United Nations-owned travel agency would not be cost- effective.
Rec. 5 : Efforts to obtain the lowest air fares should be left mainly to the commercial travel agency, but should be a joint effort in which the traveller, the originating department and the Travel unit should participate. Information should be provided and rules issued to facilitate the search for, and use of, the lowest available fares.	The travel unit at Headquarters has responsibly applied the travel regulations and has consistently established the least costly fares based on the official itinerary as transmitted to it by the originating office. For the future, it was intended that any new contractual agreement with travel agency should include a provision under which the agent should guarantee the lowest fare that would be subject to spot-check audit to assure compliance.		Implemented
Rec. 6 : The class between first and economy class ("business", "club", etc.) should be authorized for travel on official mission, travel of delegates to meetings and travel of consultants when this can be done without an overall increase in the total of direct and indirect travel costs.			Implemented

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Rec. 7 : USGs, ASGs and delegates should travel by business class or equivalent, when available, on all trips.	This recommendation would not provide appreciable savings nor would it be in keeping with the ranks and representational responsibilities of the officers concerned, bearing in mind the practices of most Member States in respect of officials of comparable status. For these reasons, the Secretary-General believes that those officials should continue to be entitled to first for flights exceeding nine hours and to the class immediately below first class for flights of nine hours or less.		Implemented
In this connection: - The class immediately below first class could be authorized without an overall increase in the total direct and indirect travel costs under the following conditions: (a) For travel of more than four hours' duration that takes place on an official holiday or week-end; (b) when the staff member forgoes at least one rest day to which he would normally be entitled; (c) when the duration of a trip can be shortened by at least one working day because staff member took up his duties upon travel;	Measures (a), (b) and (c) would create administrative difficulties of monitoring and controlling the travel and not provide savings in order to compensate for the difference in cost between business and the most economical class of travel. - Furthermore on (a), most official business already takes place on a weekend as part of the efforts to reduce the overall length of missions;		
(d) when only business-class seats are available; (e) when business class is available at the same cost as economy class.	(d) and (e) are already part of current practice.		Implemented. Implemented.
	The Secretary-General does not believe it to be either unreasonable or extravagant to establish the class immediately below first as the normal entitlement to travel on official business, with the exception that the current practice of using excursion fares would be continued in the case of staff travel to service or participate in a conference, seminar, or other meetings of established bodies. As regards other travel authorizations under the Staff Rules, such as travel on appointment, transfer, separation, home leave and education grant, the existing policy of basing the entitlement on the "least cost air-fare structure" would be continued.		

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Rec. 8 : United Nations' procedures for the control of travel should include a justification for the duration of each trip on official mission for review by department heads and post facto spot checks in the light of the mission report. Control procedures should also include the provision of information to the department heads on the estimated direct and indirect cost for each trip, justification for the itinerary, class and less costly alternatives to travel.	Current United Nations travel procedures which are set out in document ST/SGB/181 provide for review of all travel plans and post-facto examination of official travel by the Budget Division. It was the intention to review these procedures in the light of the recommendations contained in the JIU report.		Implemented
Rec. 9 : The procedure for processing travel should be simplified. Rec. 10 : A feasibility study should be carried out on the use of existing computer equipment of the United Nations aimed at facilitating the search for lower fares and reducing the cost of processing travel.	Considering that recommendations would involve a major departure from the current financial and administrative practices of the Organization, it would seem desirable to undertake a detailed analysis (study) to determine whether the recommended simplified procedures can be adopted.		
Rec. 11 : The Secretary-General should call the attention of ACC to problems raised in this report with the aim of adopting a coordinated approach to solutions and report thereon to the General Assembly at its thirty- eighth session.	ACC has requested CCAQ to pursue the matters of inter-agency concern contained in the JIU report.		

2. Follow-up report on organization and methods for official travel (JIU/REP/85/13, A/41/121)

JIU Recommendations	Secretary-General's Comments (A/37/357/Add. 1 of 12/11/1982)	General Assembly Resolution 37/241 of 21/12/1982	Status of implementation as reported by the Secretary-General (A/43/556 of 2/9/1988)
Rec. 1 : The Secretary-General should prepare a comprehensive report to the forty-first session of the General Assembly describing what he has done, up to the preparation of the report, to implement JIU recommendations endorsed by GA/RES/37/241, specifically on:	Ongoing efforts to reduce expenditures for official travel include: (a) Stringent measures to control staff participation in, and travel to, conferences and meetings; (b) A 20 per cent overall reduction in official travel; (c) Proposing reductions in the number and duration of conferences and meetings.		Implemented

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JIU Recommendations	Secretary-General's Comments (A/41/121/Add.1 of 6/10/1986)	General Assemby resolution 37/241 of 21/12/1982	Status of Implementation (A/43 /556 of 2/9/1988)
a) The feasibility of establishing an in-plant operation or a United Nations-owned and operated travel agency at United Nations Headquarters with in-house branch offices at all major duty stations.	(a) Commissions granted by carriers to an in-plant agency are substantially less than those granted to a full-service agency. From the lower commission amount, one must deduct operating expenses, etc. Based on the statements of income and expenditures provided by the travel agency, it appears that the United Nations would lose a considerable amount of money from an in-plant arrangement. (b) As regards a United Nations- owned and operated travel agency, the International Airline Travel Agent Network (IATAN) would not grant its endorsement unless at least 80 per cent of the travel agency's business was done with the general public. Airlines refuse to grant sales commissions to travel agencies that are not endorsed by IATAN.		(a) Not implemented
b) Efforts to be made to seize opportunities to reduce costs through the direct purchase of tickets from air-carriers around the world, through participation in the schemes of air- carriers, through the purchase of tickets in bulk, and other cost-saving devices.	By the end of July 1986, United Nations Headquarters have negotiated incentive, bonus mileage and similar agreements with 17 airlines and obtained accumulated credits valued at $ 500 000 by the end of 1987. Similar agreements have been negotiated by the administration of other offices." [1] The option of the bulk purchase of tickets has been found not to be cost-effective owing to penalties for cancellation, lack of flexibility and the need to advance large sums of money.		(b) 1st part, reduce costs through direct purchase of tickets - Implemented; 2nd part, reduce costs through the purchase of tickets in bulk, Not implemented, since it was found to be not cost-effective (see Secretary-General's comment).
c) A thorough assessment of the results of the three-year contract entered into with Don Travel Services Inc. effective 1 November 1993. The net financial benefit to the United Nations should be calculated, making use of the Organization audit review of the travel agency's income. An evaluation of the quality of the service provided should be made with staff participation.	The Internal Audit Division will audit the travel agency; it should also be noted that the statements of income and expenditures submitted periodically by the travel agent are reviewed regularly by the Office of Financial Services. The evaluation of the quality of the services provided was being done, and will continue to be done, by the Joint Travel Advisory Committee, composed of representatives of the administration and staff of the UN, UNDP and UNICEF and of the travel agency.		(c) Implemented
d) Whether, as recommended by the Inspector, the contract entered into with Thomas Cook S.A. in Geneva on 1 April 1985 for a period of three years has been terminated.	The present contract with Thomas Cook will be terminated as soon as the best option in terms of quality of service and financial benefits is selected. A survey of the travel arrangements of organizations and institutions established in Switzerland was conducted with a view to determining the advantages and disadvantages of the alternatives proposed, within the context of Swiss law and the requirements of the United Nations Office at Geneva. Without prejudging the results of the survey, it appears that neither a continuation of the same type of contract for the provision of full travel services nor an agreement with an airline or a combination of services to be provided by a carrier and a travel agent provides the best option.		(d) Not implemented
e) Whether, as recommended, the contract with Don Travel has been extended for a period of no longer than one year.	Yes, extended for one year to explore further other options for improving organization and methods for official travel and reducing costs.		(e) Implemented

[1] ACABQ Comments (A/42/790 of 20/11/1987):
"The Advisory Committee welcomes this turn of events and requests the Secretary General to pursue vigorously his ongoing negotiations."